of contracts connected with the prosecution of the war, and for other purposes," approved March 2, 1919, as amended; with amendment (Rept. No. 1098). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COLLINS: A bill (H. R. 12603) to establish and maintain a pecan experiment station at or near Newton, Miss.; to the Committee on Agriculture.

By Mr. HASTINGS: A bill (H. R. 12604) authorizing an advancement of certain funds standing to the credit of the Creek Nation in the Treasury of the United States to be paid to one of the attorneys for the Creek Nation, and for other purposes; to the Committee on Indian Affairs.

By Mr. KENDALL: A bill (H. R. 12605) to enable the Postmaster General to purchase and erect community mail boxes on rural routes and to rent compartments of such boxes to patrons of rural delivery; to the Committee on the Post Office and Post Roads.

By Mr. WOODRUM: A bill (H. R. 12606) to amend the salary rates contained in the compensation schedules of the act of March 4, 1923, entitled "An act to provide for the classification of civilian positions within the District of Columbia, and in the field services"; to the Committee on the Civil Service.

By Mr. TILSON: A bill (H. R. 12607) authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of Naval Post 110 of the American Legion the bell of the battleship *Connecticut;* to the Committee on Naval Affairs.

By Mr. McLEOD: A bill (H. R. 12608) to provide for the issuance of suitable insignia to certain wounded war veterans, and for other purposes; to the Committee on Military Affairs.

By Mr. O'CONNOR of Louisiana: Joint resolution (H. J. Res. 258) authorizing the Secretary of War to lease to the New Orleans Association of Commerce, New Orleans Quartermaster Intermediate Depot Unit No. 2; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LETTS: A bill (H. R. 12609) to extend the measure of relief provided in the employees' compensation act of September 7, 1916, to Robert W. Vail; to the Committee on Claims.

By Mr. MARTIN of Louisiana: A bill (H. R. 12610) for the relief of Leon Lilienfeld; to the Committee on Patents.

By Mr. PURNELL: A bill (H. R. 12611) granting an increase of pension to Mary Munsell; to the Committee on Invalid Pensions.

By Mr. WINTER: A bill (H. R. 12612) for the relief of E. W. Gillespie; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 12613) granting a pension to Margaret Kropp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12614) granting an increase of pension to Sarah Martha Brady; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6274. By Mr. BROWNING: Petition of citizens of Carroll County, Tenn., to increase the pension of Civil War veterans and widows; to the Committee on Invalid Pensions.

6275. By Mr. CRAIL: Petition of Masonic Club of Long Beach, Calif., in favor of the present national defense act; to the Committee on Naval Affairs.

6276. By Mr. DARROW: Petition of the Philadelphia Board of Trade, protesting against Senate bill 3508, to increase the number of members of the Federal Reserve Board; to the Committee on Banking and Currency.

6277. By Mr. O'CONNELL: Petition of the Illinois Chamber of Commerce, Chicago, Ill., with reference to section 611, "Collections stayed by claim in abatement," and two other subjects, "Evasion of surtaxes" and "Consolidated returns"; to the Committee on Ways and Means.

6278. Also, petition of the Harper Illustrating Syndicate, Columbus, Ohio, favoring the 1-cent rate of postage for 2-cent rate; to the Committee on the Post Office and Post Roads.

6279. Also, petition of the American Foundation for the Blind (Inc.), New York City, favoring the passage of the Hawes-Cooper bill (H. R. 7729); to the Committee on Interstate and Foreign Commerce.

6280. By Mr. THOMPSON: Petition of about 130 citizens of the fifth congressional district of Ohio, protesting against the passage of any measure that permits the use of corn sugar in food products and manufactured foods unless so labeled; to the Committee on Agriculture.

6281. By Mr. TIMBERLAKE: Petitions against Lankford bill (H. R. 78); to the Committee on the District of Columbia.

6282. By Mr. WINTER: Petition signed by the voters of Fremont County, Wyo., relative to higher pension rates for Civil War survivors; to the Committee on Invalid Pensions.

6283. By Mr. THURSTON: Petition of the Grand Army of the Republic, Post No. 173, Osceola, Iowa, unanimously favoring $72 per month pension for Civil War veterans, $125 for those requiring aid and attendance, and $50 per month for widows of Civil War veterans; to the Committee on Invalid Pensions.

6284. Also, petition of 10 citizens of New Market, Iowa, requesting the Congress to enact legislation increasing the pension of veterans and their dependents; to the Committee on Invalid Pensions.

SENATE

MONDAY, *April 2, 1928*

The Chaplain, Rev. ZeBarney T. Phillips, D. D., offered the following prayer:

"One sweetly solemn thought
Comes to me o'er and o'er;
I am nearer home to-day
Than I've ever been before.

Nearer my Father's house,
Where the many mansions be;
Nearer the great white throne,
Nearer the crystal sea.

Nearer the bound of life,
Where we lay our burdens down;
Nearer leaving the cross,
Nearer gaining the crown.

But lying darkly between,
Winding adown through the night,
Is the silent unknown stream
That leads at last to the light.

Father, be near when my feet
Are slipping over the brink;
For it may be I am nearer home,
Nearer now than I think."

Let us pray. O Almighty God, who art found of those who seek Thee in loneliness, and whose portion is sufficient for the sorrowing souls of Thy children, remember in tender mercy the family and loved ones of him who has now fallen on sleep in the full strength of his glorious manhood. Thou only canst keep our feet from falling and our eyes from tears. Make us, therefore, ever mindful of the time when we shall lie down in the dust; and grant us grace always to live in such a state that we may never be afraid to die; so that, living and dying, we may be Thine, through the merits and satisfaction of Thy Son Christ Jesus, in whose name we offer up this our imperfect prayer. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Friday last, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CHARLES H. NIEHAUS

The VICE PRESIDENT laid before the Senate the amendment of the House to the bill (S. 380) for the relief of Charles H. Niehaus, which was, on page 1, line 5, after the word "appropriated," to insert "and in full settlement against the Government."

Mr. EDGE. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 8423. An act for the relief of Timothy Hanlon; to the Committee on Finance.

H. R. 10327. An act for the relief of Charles J. Hunt; to the Committee on Indian Affairs.

H. R. 5897. An act for the relief of Mary McCormick;

H. R. 7142. An act for the relief of Frank E. Ridgely, deceased; and

H. R. 10276. An act providing for sundry matters affecting the naval service; to the Committee on Naval Affairs.

H. R. 852. An act authorizing the issuance of a certain patent;

H. R. 8487. An act to adjudicate the claims of homestead settlers on the drained Mud Lake bottom, in the State of Minnesota; and

H. R. 10038. An act for the relief of Wilford W. Caldwell; to the Committee on Public Lands and Surveys.

H. R. 6360. An act for the relief of Edward S. Lathrop;

H. R. 8650. An act for the relief of C. S. Winans;

H. R. 8651. An act for the relief of Lynn W. Franklin;

H. R. 9411. An act for the relief of Maurice P. Dunlap;

H. R. 10932. An act for the relief of the widows of certain Foreign Service officers; and

H. J. Res. 147. Joint resolution for the relief of the estate of the late Max D. Kirjassoff; to the Committee on Foreign Relations.

H. R. 1627. An act for the relief of Abram H. Johnson;

H. R. 2530. An act for the relief of William H. Nightingale;

H. R. 2821. An act for the relief of John Heinzenberger;

H. R. 3170. An act for the relief of Franklin B. Morse;

H. R. 3892. An act for the relief of George W. Sampson;

H. R. 4204. An act for the relief of Thomas M. Richardson;

H. R. 4653. An act for the relief of Virgil W. Roberts;

H. R. 4687. An act for the relief of Albert Campbell;

H. R. 6152. An act for the relief of Cromwell L. Barsley;

H. R. 7230. An act for the relief of Charles L. Dewey;

H. R. 9334. An act for the relief of Morris J. Lang;

H. R. 9368. An act to authorize the Secretary of War to exchange with the Pennsylvania Railroad Co. certain tracts of land situate in the city of Philadelphia and State of Pennsylvania;

H. R. 9712. An act for the relief of Curtis V. Milliman;

H. R. 9722. An act for the relief of Allen Nichols;

H. R. 10139. An act for the relief of Edmund F. Hubbard; and

H. R. 10714. An act for the relief of T. Abraham Hetrick; to the Committee on Military Affairs.

H. R. 1529. An act for the relief of the heirs of John Eimer;

H. R. 1625. An act to carry into effect the findings of the Court of Claims in favor of Myron C. Bond, Guy M. Claflin, and Edwin A. Wells;

H. R. 2473. An act for the relief of Louie June;

H. R. 2658. An act for the relief of Finch R. Archer;

H. R. 3029. An act for the relief of Vern E. Townsend;

H. R. 4619. An act for the relief of E. A. Clatterbuck;

H. R. 4925. An act for the relief of John M. Savery;

H. R. 5944. An act for the relief of Walter D. Lovell;

H. R. 5981. An act for the relief of Clarence Cleghorn;

H. R. 6704. An act for the relief of Harry Pincus;

H. R. 6930. An act for the relief of E. C. Howze;

H. R. 7518. An act for the relief of the Farmers National Bank of Danville, Ky.;

H. R. 8034. An act for the relief of Carteret Street Methodist Episcopal Church South, of Beaufort, S. C.;

H. R. 8185. An act for the relief of the Great Western Power Co. of San Francisco, Calif.;

H. R. 8748. An act for the relief of James W. Bass, collector of internal revenue, Austin, Tex.;

H. R. 8807. An act for the relief of James O. Williams;

H. R. 9319. An act for the relief of the Glens Falls Insurance Co., of Glens Falls, N. Y.;

H. R. 9320. An act for the relief of the Home Insurance Co. of New York, N. Y.;

H. R. 9902. An act for the relief of James A. DeLoach;

H. R. 10192. An act for the relief of Lois Wilson;

H. R. 10502. An act for the relief of J. B. Holder; and

H. R. 10503. An act for the relief of R. P. Washam, F. A. Slate, W. H. Sanders, W. A. McGinnis, J. E. Lindsay, and J. T. Pearson; to the Committee on Claims.

CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Capper	Gerry	Heflin
Barkley	Caraway	Gillett	Johnson
Bayard	Copeland	Glass	Jones
Bingham	Couzens	Goff	Kendrick
Black	Curtis	Gooding	Keyes
Blaine	Dale	Gould	King
Blease	Edge	Greene	McKellar
Borah	Edwards	Hale	McLean
Bratton	Fess	Harris	McMaster
Brookhart	Fletcher	Harrison	McNary
Broussard	Frazier	Hawes	Mayfield
Bruce	George	Hayden	Metcalf
Moses	Pittman	Smith	Tyson
Neely	Ransdell	Smoot	Wagner
Norbeck	Robinsin, Ark.	Steck	Walsh, Mass.
Nye	Sackett	Steiwer	Walsh, Mont.
Oddie	Sheppard	Stephens	Warren
Overman	Shipstead	Swanson	Waterman
Phipps	Shortridge	Thomas	Watson
Pine	Simmons	Tydings	Wheeler

Mr. GERRY. I desire to announce that the Senator from Washington [Mr. DILL] is necessarily detained on official business. I will let this announcement stand for the day.

The VICE PRESIDENT. Eighty Senators having answered to their names, a quorum is present.

COL. CARL L. ESTES—OUACHITA NATIONAL PARK

Mr. PHIPPS. Mr. President, I send to the desk a letter addressed to me by Secretary of the Interior Work, which I desire to have read. I ask the attention of the Senator from Arkansas [Mr. CARAWAY] to the letter.

Mr. CARAWAY. Mr. President, I wish to have the letter read, because I want to make a response to it.

The VICE PRESIDENT. The clerk will read, as requested.

The Chief Clerk read as follows:

THE SECRETARY OF THE INTERIOR,
Washington, March 30, 1928.

Hon. LAWRENCE C. PHIPPS,
United States Senate.

MY DEAR SENATOR: My attention has been called to charges made on the floor of the Senate that my conduct toward a caller was unbecoming a Government official. Am sorry that Senator CARAWAY made his statements from hearsay. I was present. These are the facts:

I recall that a few days ago a young man referred to my office did call, giving the name of Colonel Estes, of Texas, to discuss the proposed Ouachita National Park, to be located in that State. He appeared to be laboring under great excitement, came directly to my desk, and seated himself, as any caller may do. He announced that he wished to talk on the bill for this proposed park, to which I replied that "I believe I had already reported against it; that some of our officials had been down to look it over and reported that it was not of national-park proportions."

He replied with heat that Cammerer had been there and looked it over for a half a day, that he had lost his glasses, and the weather was foggy, and that he had lied. This I promptly met with the protest that "no one could charge an employee of this department with lying unless he was prepared to support it." I then called for the park official referred to, Mr. Cammerer, Assistant Director of the Park Service, to come to my office to make to us a report, a usual procedure when employees' actions are questioned.

Nothing of importance was said between us until Mr. Cammerer arrived, when I asked him about his inspection and to recite the important features of his findings. It seems that his visit at that time in the community with Colonel Greeley, of the Forest Service, was spent in conferring with those interested and adding to the knowledge he already had of the dimensions, boundary, and scenic features of the park. I then asked him to take Colonel Estes, who by that time had composed himself, to the bureau and go into the matter fully with him; again daily routine procedure in this department. We all arose and the colonel made profuse apologies for his manner of speech, which, of course, we accepted with the assurance that "this is not a personal controversy with me, and I have no personal feelings in the matter; but that door you see stands open all day, and anyone can come to my desk on any business, but I will not allow anyone to come in here and call the employees of this department liars without resenting it and demanding proof." The colonel then repeated his apologies, to which I replied, "Nothing personal with me; we will wipe the slate and start again from here."

The charge of substituting one report to the committee for another I know nothing at all about myself.

I specifically deny calling Colonel Estes a liar or using other offensive language, and that anyone should so charge astounds me. The Senator was misinformed.

Very truly yours,

HUBERT WORK.

Mr. CARAWAY. Mr. President, in the first place, my information was not hearsay. I had it direct from Colonel Estes himself, in the presence of a number of other gentlemen. In addition to that, I have from Colonel Estes a telegram, which I ask to have read.

The VICE PRESIDENT. The clerk will read, as requested.

The Chief Clerk read as follows:

[Telegram]

HARRISBURG, PA., *March 31, 1928.*

T. H. CARAWAY, of Arkansas,
United States Senate, Washington, D. C.:

Appreciate fact South has one Senator with nerve enough defend her citizens from insults. Everything you said was true and I stand ready to come to Washington at any time you might need me to back up

every statement you made relative to the interview between myself and the Secretary. One point should be made clear to you. Am disabled war veteran not wounded, cut all to pieces, not shot; tell you these things to keep record straight. On way to Texas but will return to Washington to back up your statement any time. Answer collect if you receive this.

CARL L. ESTES, *Tyler, Tex.*

Mr. CARAWAY. Mr. President, I send another telegram to the desk, and desire that it may be read.

The VICE PRESIDENT. The clerk will read, as requested.

The Chief Clerk read as follows:

[Telegram]

DALLAS, TEX., *March 31, 1928.*

Hon. THADDEUS H. CARAWAY,
United States Senator, Washington, D. C.:

Have just read a press dispatch of your denunciation of Secretary Works's treatment of Colonel Estes, a World War veteran, and hasten to congratulate you upon the stand you have taken. The Senate needs more red-blooded Americans like yourself. Hope you will go to the bottom of the affair and bring about full investigation of such disgraceful conduct and disregard for the rights of a private citizen by one so high in our Government. Sincere regards and best wishes.

Col. W. E. EASTERWOOD, Jr.,
President Ex-Service Men's Club.

Mr. PHIPPS. Mr. President, will the Senator from Arkansas yield to me?

Mr. CARAWAY. Yes.

Mr. PHIPPS. I desire to send to the desk a copy of a letter from a Mr. Grier, who was in the Secretary's office during the time of the occurrence of this episode.

Mr. CARAWAY. The Senator may put that into the RECORD when I am through.

Mr. PHIPPS. Certainly I shall do so when the Senator is through; but I had supposed the Senator had no other communication to present and was going to speak on the topic.

Mr. CARAWAY. Yes; I have quite a good deal yet to present. Mr. President, there seems to have been no doubt about what the subject of the conversation was when the incident occurred.

Mr. PHIPPS. Mr. President, would the Senator from Arkansas yield? I think, really, I would prefer to have the communication to which I have referred read now, as it is a statement of a gentleman who was present at the time of the interview, and it might affect the Senator's remarks, I thought.

Mr. CARAWAY. Not a bit. I know Colonel Estes and I know the Secretary of the Interior, and I believe Colonel Estes, so it would not be worth while now to have the statement referred to by the Senator from Colorado read.

Mr. PHIPPS. Does the Senator from Arkansas object to having this communication now read?

Mr. CARAWAY. The Senator from Colorado may read it in his own time if he pleases to do so. I desire to proceed until I shall have concluded with this matter.

Mr. PHIPPS. Certainly.

Mr. CARAWAY. The Senator is impatient to come to the Secretary's defense.

Mr. PHIPPS. Not at all.

Mr. CARAWAY. Mr. President, the subject of the controversy was evident, as both agree with reference to a report made by Mr. Cammerer. The facts are these about that particular report: The national-park area contains 131,000 acres of land, in round numbers. In one direction it is 45 miles across; the other way the distance is not so great. Mr. Cammerer went on that area and was there less than half a day, on a rainy, cloudy day. In addition to that, he lost his glasses. That was his inspection of this area, from which he made an elaborate report.

I know the route over which he is presumed to have gone. In the time he had he could not have crossed it one way. To show Senators that he did not, we have the statement of a gentleman who was with him. Here is Mr. St. John's statement:

It is unfortunate that a man of Mr. Cammerer's capacity for observation and knowledge of scenic beauty and of scenery in general had but half a day in which to see this area, and this was accentuated by the fact that the weather was thick, the clouds were hanging low on the mountains, and the visibility was very poor. After this short inspection, Mr. Cammerer stated that a second trip would be absolutely necessary before he would be able to report his findings, but he expressed much admiration for what he had seen. Mr. Cammerer did not return, and on June 7, 1926, signed with Colonel Greeley, who had never been there at all, an adverse report.

The ludicrous thing about it is that Mr. Cammerer said that the headwaters of the Arkansas River were in this area in Arkansas, while the river had no more tact than to rise in Colorado. He talked about what the weather reports showed, and he missed that more than 20 per cent; he talked about the rainfall, and he missed that entirely; but, when asked about it, he said it did not make any difference whether it rained or did not rain, or words to that effect. I have his own statement here and will quote from it.

Mr. WINGO asked him this question:

Can you point out anywhere in the United States a more distinctive flora and fauna than is in this particular area?

Mr. CAMMERER. Since you ask me, I think so. I think in the Yellowstone National Park.

Mr. WINGO. When you saw this area you spent half a day inspecting it on a foggy, rainy day. Do you say you have seen the flora and fauna and seen the scenery and falls and other things?

Mr. CAMMERER. Yes, sir.

When a man is willing to say that he examined 131,000 acres of land in a part of a half a day, and during a rainstorm, and when he had lost his glasses on the trip, I think the colonel had some right to treat with a little levity the statement which had been made.

Again he was asked this question:

Mr. WINGO. How many miles did you go on that half-day trip?

Mr. CAMMERER. The gentlemen in your home town were with me.

Mr. WINGO. I am asking you. How far did it seem to you?

Mr. CAMMERER. I do not know how many miles.

Mr. WINGO. Let us be candid about it. It was a foggy, rainy day, was it not?

Mr. CAMMERER. Part of the time.

Mr. WINGO. You were treated very courteously, and the local chamber of commerce sent representatives with you. They banqueted you and treated you nicely, and you did not want to hurt their feelings. You told them you would come back later, and then, without coming back, you made that report, and you did not know where the Arkansas River was on that foggy day. I simply want to test your credibility as a witness, without reflecting in any way upon your veracity. These gentlemen inform me that you traveled about 30 miles in a half a day's trip in the fog and rain.

Mr. MORROW. Will you answer a question?

Mr. CAMMERER. I would like to answer this question.

Mr. MORROW. Go on.

Mr. CAMMERER. The gentlemen were very fine; they were very delightful, warm-hearted people, and I respect them very highly. They were very enthusiastic over their scenic offerings in that area. But I went to every place that was shown to me as the best they had, particularly the Little Missouri River. By the way, in the report which was signed by Colonel Greeley and myself jointly, we took the Forest Service records as to rainfall, etc., naturally.

Mr. WINGO. Why did you not go to the official records?

Mr. CAMMERER. We did.

Mr. WINGO. I mean the official records of temperature and rainfall. The Forest Bureau does not keep such records, does it?

Mr. CAMMERER. I was not particularly concerned about how much or how little rain fell. I was concerned with the scenic values.

Mr. WINGO. Why did you put it in your report if you did not think it was worth while?

Mr. CAMMERER. Because it was a joint report, and Colonel Greeley thought that was important, and I stand by that report just as he does.

I will read a little more, Mr. President, because it is very interesting:

Mr. WINGO. You went down there and were in that area about half a day?

Mr. CAMMERER. Yes, sir.

Mr. WINGO. A foggy day, in the rainy season of the spring?

Mr. CAMMERER. I remember that it rained.

Mr. WINGO. You spent half a day there on that rainy, foggy day, and from the information you gained there within that time you signed this report with Colonel Greeley?

Mr. CAMMERER. I saw the best your people had to offer.

Mr. WINGO. Is not that what you signed the report on?

Mr. CAMMERER. I signed the report on what I saw and what my judgment was.

Mr. WINGO. The inspection you made is what you have stated here, and you signed the report on that inspection?

Mr. CAMMERER. I traveled through a portion of it in an automobile on our way from Hot Springs before I met these gentlemen.

Mr. WINGO. How near did you go to the Little Missouri Falls on the highway coming from Hot Springs to Mena?

Mr. CAMMERER. It was not so foggy and rainy but what we had a wonderful chicken dinner in the open.

I think that is interesting.

Mr. Cammerer later said:

We do not make adverse reports unless we see the areas concerned. This committee's records prove that.

I have called the attention of the Senate to the length of time he had to see it.

Here is what Mr. Cammerer said about what he did himself:

That night a heavy thunder storm made it seem as if no inspection could be made the following day, but in the morning it was, nevertheless, decided that the attempt should be made. Besides the Forest Service representatives mentioned above, Messrs. Peter McWilliams, R. R. St. John, and W. R. Sossamon, of Mena, guided the party. We followed the road from Mena through the portion marked in blue on Exhibit B, climbing Eagle Peak, about 1,800 feet in height, on horseback in order to get a glimpse of the surrounding country. Unfortunately, when we got to the top we were over a bank of clouds.

Then he said he had to hurry back to get his train.

I have a letter here from Representative SANDERS of Texas inclosing a telegram from Colonel Estes to him in which the colonel says—I will read it myself—

In view of Secretary Work's statement carried in to-day's papers that I misinformed Senator CARAWAY, of Arkansas, relative to the near fight we had when he cast a slur against Texas and Texans, I urge you to hasten to Senator CARAWAY and tell him that you know I told him the truth about the affair and what my reputation for truth and veracity is. Secretary Work should not be permitted to brand me as a liar in the eyes of the Nation. For your own information, I refer you to any banker, the chamber of commerce, or any clergyman in Tyler, concerning my truthfulness. I am on my way to Austin. Please wire me your action there in care of Governor Moody.

CARL L. ESTES.

Mr. SANDERS in his letter to me, dated April 2, 1928, says:

Pursuant to our telephone conversation just a few minutes ago, I am handing you herewith a telegram which I received from Col. Carl Estes. I know Carl Estes very well, and what he says may be relied upon. I would believe any statement that he would make. Mr. Estes lives in Tyler, Tex., and has the confidence and esteem of the people who know him.

The Governor of Texas, incidentally, had so much confidence in Colonel Estes that he made him a colonel on his staff and sent him here to represent the great State of Texas before a committee. He brought, as I put in the RECORD the other day, a letter of introduction to Secretary Hoover from one of the able citizens of Texas, a gentleman who is Mr. Hoover's campaign manager in Texas, extolling this young man very highly indeed. Mr. Hoover, through his secretary, made the appointment with Mr. Work. I will state again because, perhaps, there are Senators here who did not hear the previous statement, that Colonel Estes says this is what happened: When he walked in the Secretary said "Come in"; and he walked in and said "Good morning" or "Good afternoon," I do not remember which, but he greeted him. The Secretary said, "I know what you are here for, and I know all about Arkansas and Texas that I want to know." Colonel Estes then started to speak about the report and said he did not think it contained all the facts. Secretary Work said, "You are a liar; get out of my office." He now says he told him the door was open for him to come in, instead of to get out.

I am perfectly willing for the world to determine between Colonel Estes, who offered to die for his country when men were needed, and Doctor Work, who stayed in a place of safety and drew a salary from the Government during those times.

Mr. PHIPPS. Mr. President, I ask that the letter which I have sent to the desk may be read.

The VICE PRESIDENT. Without objection, the letter will be read.

The Chief Clerk read as follows:

WASHINGTON, D. C., *March 31, 1928.*

Memorandum to the Secretary of the Interior.

On Wednesday, the 28th of March, I was in the office of the Secretary of the Interior, Doctor Work, and while waiting for my turn to talk to the Secretary I met Colonel Estes, of Texas, who was also waiting and was just ahead of me. The colonel appeared to be excited and very much disturbed over the way he alleged that he and his State had been treated by the Department of the Interior in the past and by an official of the department recently who had been to Texas to inspect a proposed site for a public park of some kind, stating that he had never met the present Secretary.

Colonel Estes was called to the desk of the Secretary, Doctor Work, and there engaged the doctor in a heated controversy regarding this official, and I heard him distinctly say that the official had lied in making a report. The abuse of this official was the subject that made me take notice of what he said.

Doctor Work told the gentleman that the particular official mentioned was "a man of high character and a trusted employee of the department, and he would not permit any accusation against him, and that he would have to be shown that he was a liar before he would believe it." Whereupon Colonel Estes began to retract the statements that he had made, and Doctor Work called the official in question to go into the matter thoroughly with Colonel Estes.

As Estes left Doctor Work's desk he repeatedly begged the doctor's pardon and apologized for the language he had used regarding the official who had made, as he said, the false report. Doctor Work accepted his apology; then called the writer over to talk to him. The Secretary used no disrespectful or improper language to the colonel at any time.

I was not asked to make this statement, but offered to do so in the interests of fair play.

(Signed) CLARK GRIER.

Mr. CARAWAY. Mr. President, just a minute. I presume that is the same man who signed this report on the Ouachita National Park.

Mr. PHIPPS. Mr. President, I think I can inform the Senator that it is not. The man who signed the report on the national park was Mr. Cammerer.

Mr. CARAWAY. No; Greeley signed it, too.

Mr. PHIPPS. This is Grier. This is a stranger, not connected with the department in any way.

Mr. CARAWAY. What is odd about it is that there was nobody in the office but Colonel Estes and Doctor Work when this conversation took place. Now, this alleged bystander pretends that he was present. Anybody who knows Colonel Estes, and says that Work would have called him a liar and then that Estes apologized for it, does not know Estes; and anybody that said that happened did not tell the truth; I do not care what his name is.

Mr. MAYFIELD. Mr. President, in my judgment an examination of the interviews and the telegrams in this unpleasant controversy will reveal that the statement of Secretary Work is untrue.

In the first place, as the Senator from Arkansas [Mr. CARAWAY] has said, no man living could denounce Col. Carl Estes, of Tyler, Tex., as a liar, and get away with it.

In the next place, Mr. Cammerer, whom Colonel Estes is supposed to have said lied in his report on the Ouachita Park matter, came in just a few moments after the controversy, escorted Colonel Estes to his office, and the two had a most pleasant conversation. Colonel Estes had been selected as the representative of eight Southern States to come to Washington and to review with the Secretary of the Interior the report that Mr. Cammerer had made on the Ouachita Park project. Colonel Estes said that he went into the Secretary's office, and the Secretary immediately said, "I know what you have come here to discuss. I know now all about the States of Texas and Arkansas that I care to know"; whereupon Colonel Estes said, "The report that Mr. Cammerer made on the Ouachita Park matter is untrue"; and then was interrupted by the Secretary before he could finish the statement and was invited out of his office.

I have known Colonel Estes for many years, Mr. President. He comes from one of the old-established families of Texas, a family that stands high in the esteem and affections of our people. The truth of Colonel Estes's statement in this matter can not be questioned for one moment.

The treatment accorded Colonel Estes by Secretary Work was unjustified, uncalled-for, shameful, and unworthy of one holding the high position of Secretary of the Interior.

Mr. BRUCE. Mr. President, when that statement was introduced by the Senator from Colorado I did not catch just who the affiant or the writer is. Who is he? Who is this bystander?

Mr. PHIPPS. Mr. Clark Grier, who was waiting in the office.

Mr. BRUCE. Who is he?

Mr. PHIPPS. I am not acquainted with the gentleman.

Mr. BRUCE. Exactly. Who vouches for him?

Mr. PHIPPS. I presume the Secretary of the Interior will vouch for him if he is asked to do so.

Mr. BRUCE. Apparently he does not do so. Apparently he was a stranger to the Secretary.

Mr. CARAWAY. He was not there, Mr. President.

Mr. BRUCE. We certainly ought to be put in a position to judge of the measure of his credibility.

Mr. PHIPPS. I do not see why we should indulge in surmises. I shall be pleased to ask the Secretary to furnish the Senator and the Senate with the desired information; but the Secretary of the Interior would not send a letter like this, which came to him voluntarily, without having faith in the man who sent it, it seems to me.

Mr. BRUCE. If the Senator intends to give any probative force to the statement, he certainly ought to bring forward somebody who can vouch for the credibility of the writer.

Mr. CARAWAY. And, if the Senator will yield to me, it will be observed that in the Secretary's letter he makes no mention

of anybody being present. If anybody had been present and heard what was said, the Secretary would have mentioned it. The Secretary knows there was nobody else there. I think the Senator from Georgia [Mr. GEORGE] can tell the Senate who Mr. Clark Grier is.

SENATOR BURTON K. WHEELER, OF MONTANA

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD two letters entitled "What national labor leaders think of Senator Wheeler."

The VICE PRESIDENT. Without objection, it is so ordered.

The letters are as follows:

INTERNATIONAL ASSOCIATION OF MACHINISTS,
OFFICE OF PRESIDENT,
Washington, D. C., March 19, 1928.

Subject: Senatorial-campaign information.

Officers and Members of International Association of Machinists, Lodges in States of Montana, Minnesota, Wisconsin, and North Dakota.

DEAR SIRS AND BROTHERS: I am herewith transmitting information which I deem of sufficient importance to place in the hands of our members throughout the above-named States.

I am sure that Brother Keating, manager of Labor, has furnished information which he believes to be absolutely reliable regarding the activities of the men connected with The Producers' News, of Plentywood, Mont. The Senators named in this memorandum stand among those who are foremost in their efforts to support labor's legislative program, and I trust that the statements which may be made through irresponsible agencies, attacking these well-known progressives, will fall on deaf ears. If our members can not afford to get out and go to the front for men like WHEELER, SHIPSTEAD, FRAZIER, and young ROB LA FOLLETTE, I am really in doubt as to the character of men that we could support. Every one of these men are outstanding characters and always in the front ranks, contending for the rights of the people, as against monopoly and the type of men who are connected with interests generally recognized as being inimical to the best interests of the people as a whole.

With best wishes, I am,
Fraternally yours,

A. O. WHARTON,
International President.

MARCH 13, 1928.

(Memorandum for Mr. Lovell)

In order to understand the telegram from the Producer's News, it is necessary to recite a little history.

The paper was established some years ago by a group of farmers and others, and finally drifted into the hands of Charles Taylor, who has pronounced radical leanings.

You will remember that early in 1924 Mahoney, of St. Paul, called a Farm-Labor conference, with the idea of forming a new party and nominating La Follette. It soon became apparent that the communists were in control of the proposition and La Follette issued a public statement repudiating the gathering. Nevertheless, it was held and attempted to do business. Taylor was chairman of that convention. I think it is quite fair to say that he is a communist or so close to the "reds" that he can not be distinguished from them.

The Progressives were so convinced that Mahoney was hooked up with the "reds" that when he came to our convention on July 4, 1924, we refused him a seat.

The whole bunch did what they could to injure La Follette and WHEELER during the 1924 campaign.

Two or three years ago "Paddy" Wallace joined Taylor in editing the Producers' News and for the last year or so he has devoted his energies to attacks on Senator WHEELER.

Wallace came to Washington about two months ago. We have evidence that he was in touch with Republican leaders and tried to get money to fight WHEELER. We are also told that he talked with Blair Coen, the man who was sent to Montana to "get" WHEELER and to Iowa to "get" BROOKHART.

Wallace also visited various Progressives, including myself. I tried to get him to be specific in his charges against WHEELER, but soon found that he had nothing except this proposition about leasing a power site on the Flathead Indian Reservation. That legislation was put through the Senate a few weeks ago, with Senator WALSH as its principal supporter.

At that time WHEELER said he would vote for the bill because he had been assured the Indians were anxious to have the site developed in order that they might get the revenue. La Follette led the opposition. He did not object to leasing the site, but he thought the Government was treating the Indians unfairly because it was taking 15,000 horsepower for the settlers on a reclamation project without adequate compensation to the Indians.

An examination of the debate will show that there was absolutely nothing to reflect on the integrity of either WHEELER or WALSH. No Senator even suggested such a thing, and the bill was passed with only a few Senators in opposition.

There is evidence indicating that Wallace endeavored to get in touch with Doheny for the purpose of securing money to fight WHEELER. A prominent citizen of Montana stated recently that he had been approached by Wallace and asked to introduce him to Doheny. When asked the object of the conference, he said Wallace declared that he thought Doheny should be interested in the campaign against WHEELER.

I am convinced, first, that the men who are running the Producers' News are a bunch of make-believe radicals who are in politics for the money they can make; and second, that the object of the campaign is to divert a sufficient number of Progressive votes from WHEELER to defeat him in November.

I am afraid this movement is not confined to Montana. I notice that Mahoney has called a conference for St. Paul on March 28 for the purpose of formulating policies for the Progressives in the Northwestern States. I think you will find that Taylor and "Paddy" Wallace will be at that conference and that an effort will be made to "frame" things so as to make it difficult to elect SHIPSTEAD, of Minnesota; FRAZIER, of North Dakota; LA FOLLETTE, of Wisconsin; and WHEELER, of Montana.

I have suggested how they will proceed in Montana. In Minnesota Mahoney has been fighting SHIPSTEAD for years, claiming that he was not sufficiently "radical." I think you will find that Mahoney will insist on SHIPSTEAD running on the Farm-Labor ticket on a very radical program, and probably with some candidate for governor who is "red" or at least "pink."

In North Dakota the effort will be to convince the old Non-Partisan League crowd that FRAZIER is "slowing up" and that he has made his peace with the "interests." Similar tactics will be pursued in Wisconsin. I am not afraid of that State and I believe North Dakota is pretty safe.

EDWARD KEATING.

FLOOD CONTROL

Mr. RANSDELL. Mr. President, I hold in my hand a telegram from some of my very best friends in northeast Louisiana, near my home, concerning the recent action of the Senate in passing the flood control bill; and I am permitted to read this telegram, I will say, by your courtesy. It is as follows:

ST. JOSEPH, LA., *March 30, 1928.*

SECRETARY OF THE UNITED STATES SENATE,
Washington, D. C.:

Kindly read the following at the opening of the Senate to-morrow:

Be it resolved by the citizens of the parish of Tensas and State of Louisiana in mass meeting assembled, That the unanimous passage of the Jones flood relief bill through the Senate of the United States Congress has brought to the people of this parish, this State, and of the Mississippi Valley renewed hope and courage, and has stimulated them to greater and more earnest efforts in the future, believing that the enactment of this bill into a law by the House of Representatives of the United States Government, and its signature by our President will build up our country into one of the finest, most productive, most prosperous, and most beautiful sections of this Union; be it further

Resolved, That we feel a deep sense of gratitude to our Senators and to our Representatives in Congress and to each of them individually for their efforts in behalf of flood relief and do now in mass meeting assembled recognize our obligations to them and tender to them our deepest gratitude; be it further

Resolved, That without in any way lessening our gratitude and appreciation of the services rendered by all of our friends in Congress, we feel particularly grateful and under peculiar obligations to Senator JONES, Congressman REID, and to Mayor William Thompson, of Chicago. All of these gentlemen are far removed from this section, have no interest in it, and have shown a broad-minded spirit of justice in their handling of this question, and we desire to tender to them our special thanks and appreciation for their great services to us. We further desire to recognize the services rendered in behalf of flood relief by Mr. Schoeneberger and by Mr. Adams, of the State board of engineers, and by Mr. F. H. Schneider, the president of the board of commissioners of the fifth Louisiana levee district. These gentlemen have devoted their time, their ability, and their untiring efforts in our behalf, and we owe to them a debt of gratitude which we will long cherish; be it finally

Resolved, That the fair, just, nonpartisan, and broad-minded manner in which this question has been considered by the Senators of the Congress is indicative of the ability, generosity of heart, and bigness of mind which has tended to make our country the admiration and envy of the world.

W. D. NOBLE, *Chairman.*
JOSEPH T. CURRY, *Secretary.*

I wish to add that I indorse every word of that splendid memorial.

Mr. KING. Mr. President, in view of the statements contained in the telegram just read, and the misapprehension under which the writers apparently labor that there was a unanimous vote in favor of this measure which has evoked

such eulogies and which has brought upon those who supported it such panegyrics, I feel that it is only fair that I should state that I was opposed to the bill; that if I had had an opportunity to vote, I should have voted against it; and that, having had an opportunity to examine the measure more carefully since, my opposition to the bill still remains unchanged.

The VICE PRESIDENT. The telegram will lie on the table.

BLACK-LIST EXPOSÉ

Mr. BROOKHART. Mr. President, I am opposed to the unreasonable naval building program that has been announced in this country. We have some self-appointed patriots who blacklist those of us who have an idea on this question, and to some extent that situation has been exposed recently in Boston. I therefore ask unanimous consent that the article from the Washington Times, which I send to the desk, be read by the clerk.

The VICE PRESIDENT. Is there objection? Without objection, the clerk will read.

The Chief Clerk read as follows:

D. A. R. ACCUSED IN BLACKLIST EXPOSÉ

BOSTON, April 2.—A bitter controversy, started by charges that the Daughters of the American Revolution are "blacklisting" various individuals and organizations because of allegedly communistic or pacifistic leanings, to-day split Massachusetts members of the D. A. R. into two rival camps.

Mrs. Helen T. Bailie, of Cambridge, a leader of the faction which opposes the alleged "blacklisting," caused a sensation at a meeting of the Boston Ethical Society by declaring that two "extremely virulent" groups in Boston have made the D. A. R. and the American Legion "catspaw of a tremendous conspiracy to crush free thought, free speech, and even liberty itself."

"Blacklist factories," Mrs. Bailie charged, are unjustly stamping clergymen, welfare workers, and prominent educators as "undesirable, doubtful, and unfit to address patriotic gatherings."

HITS GOVERNOR'S WIFE

"The movement is being carried to absurd lengths," Mrs. Bailie said. "Even Mrs. Alvin T. Fuller, wife of the governor, could not speak at a D. A. R. meeting simply because she accepted an honorary membership in the International Garment Workers' Union, which has been blacklisted by the D. A. R."

SPREAD OVER COUNTRY

Prominent persons who have been "blacklisted," the speaker charged, included Bishop William F. Anderson, President Mary E. Woolley, of Mount Holyoke College, United States Senator BROOKHART, and Miss Maude Royden.

"These scurrilous and slanderous attacks upon honest citizens also have been made by black-list factories in Illinois, California, and other States," Mrs. Bailie charged. "Two such virulent groups in Boston are the Industrial Defense Association (Inc.) and the Massachusetts Public Interests League."

Others included in the list are the Rev. E. Talmadge Root, executive secretary of the Federation of Churches of Massachusetts; Dean Roscoe Pound, of Harvard Law School; Miss Anna Louise Strong, writer; Clarence Darrow, criminal lawyer; Rabbi Harry Levi, William Allen White, Rabbi Stephen S. Wise, David Starr Jordan, Felix Frankfurter, of the Harvard Law School; W. E. Du Bois, negro writer; Alfred Baker Lewis; the Rev. George Lyman Paine; Judge George W. Anderson; Norman Angell, political writer; Norman Hapgood; Frank P. Walsh; and others.

SOME ORGANIZATIONS

Organizations on the alleged "blacklist" submitted by Mrs. Bailie included the Young Men's Christian Association, the Young Women's Christian Association, the National Catholic Welfare Council, the National Child Labor Committee, the Wellesley College Forum, the Yale Liberal Club, the Radcliffe Liberal Club, the International Ladies' Garment Workers' Union, Council of Jewish Women, and more than a hundred others.

The factional fight in the D. A. R. here has centered around the big-Navy bill, with a minority claiming that all D. A. R bodies in the country were being lined up for a big Navy.

INTERMEDIATE CREDIT BANK, COLUMBIA, S. C.

Mr. BLEASE. Mr. President, I was notified by my secretary on Friday last, just the day before the Committee on Banking and Currency was to meet, to appear for a hearing, which I thought was for the purpose of seeing whether or not an investigation should be made of the Intermediate Credit Bank of Columbia, S. C. I presumed it was for the purpose of seeing whether or not an investigation was necessary. When I arrived at the meeting I presented the original matters which I had previously published in the CONGRESSIONAL RECORD, and I made a short statement. Congressman HARE, of South Carolina, made a short statement in reference to the matter, and then Eugene Meyer was presented to represent the administration. He stated that he had with him representatives from the Treasury Department and representatives from the Attorney General's department, the departments which I claimed, and yet claim, are shielding the people who are committing this wrong in the Columbia bank. Immediately it seemed to me that the hearing was for the purpose of giving the administration an opportunity to present in full its justification for the stealing, if there be stealing, that was going on in the Columbia bank; and that that committee was not going to do what I was asking that a special committee be appointed to do, to go into the merits of the matter and have witnesses before them from both sides.

During Meyer's statement I asked them to produce the records to substantiate his statement, and he replied that he had none. Therefore, when requested to leave my evidence with the committee, I refused to do so for obvious reasons.

I did not propose to be a party to a one-sided hearing, and I picked up my papers and said to the committee that all I wanted was a report; that I did not care whether it was favorable or unfavorable; that I would take care of the situation on the floor of the Senate; and I walked out of the room.

Mr. President, I held, and I still hold, that the Treasury Department is in full possession of evidence of the rascality that is going on in the intermediate credit bank at Columbia, S. C. I held, and I still hold, that Attorney General Sargent has in his hands to-day reports which will prove beyond a shadow of a doubt that there has been crookedness, if not straight-out stealing, going on in the intermediate credit bank in the city of Columbia.

When his men were down there investigating this matter, people who knew of this crookedness and knew of this rottenness at Beaufort, S. C., endeavored to get to them to make a statement and present the people's side of the matter. The investigators refused to hear them, I am informed. They investigated only what they wanted to investigate. They looked into only what would substantiate and uphold the rascality that was going on; and now a Republican committee, or at least a majority of that committee, is endeavoring to shield the people in this bank and to further conceal the actions of the Treasury Department and of the Attorney General's department in not making known even that which they have in their possession, and upon which they refuse to act.

I do not propose to go into any committee room, or any other kind of a room, and place all of the facts that I have in my possession in the hands of a committee which I believe is already inclined to shield these people on account of the Republican administration, when they refuse to give me any of their records or even to produce any of their records at the hearings, in order that I might have the opportunity to reply to them.

I have here the records which have been presented and published in the CONGRESSIONAL RECORD. I propose to file these records and take the receipt of the clerk of the Senate for them. I have other records which I do not propose to put in the RECORD until this committee, or a subcommittee, wants to hear the entire transaction. Then we will present the balance. But I do not propose to present it to Eugene Meyer, of whose conduct I can not in parliamentary language express my opinion. I would have to present it in pure, old South Carolina English, and it would not do to print in the RECORD my opinion of Eugene Meyer and those who are backing him up in this rascality. But the original letters which I have and the original proofs which I have that have been printed in the RECORD I propose to file with the clerk of the Senate to-day, and the chairman of the committee or anybody else can get them whenever they want them.

I ask permission to have printed, along with my remarks, an article from this morning's Charleston News and Courier.

The PRESIDING OFFICER (Mr. FESS in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the News and Courier, Sunday morning, April 1, 1928]

SENATOR BLEASE, DISGUSTED, QUITS COMMITTEE ROOM—BANKING AND CURRENCY GROUP MEET TO CONSIDER CREDIT RESOLUTIONS—HARE LENDS HIS SUPPORT—JUSTICE DEPARTMENT'S REFUSAL TO SUBMIT REPORTS ANGERS SOUTH CAROLINIANS

WASHINGTON, March 31.—Senator COLE L. BLEASE to-day walked out of a meeting of the Banking and Currency Committee of the Senate which had been called to hold a hearing on his resolution to investigate the Intermediate Credit Bank of Columbia.

Because the Department of Justice did not submit the reports of its special agents on the investigation which preceded the Beaufort bank trial the Senator refused to leave his own papers in directing the demand for an investigation by the Senate.

HARE SUPPORTS RESOLUTION

The Senator appeared in support of his resolution, as did Representative BUTLER HARE, and there were present also Chairman Meyer, of the Farm Loan Board, and a Mr. Donelson, of the Department of Justice. Congressman HARE supported the Blease resolution on the ground that it would establish the soundness of his own bill to credit the farmers of the Beaufort section with the money which was ultimately to have gone to the Columbia bank to their credit, but was allowed to lie on deposit with the Beaufort bank by agencies with which the farmers had to deal in order to secure credit from the Columbia bank.

Chairman Meyer, of the Farm Loan Board, said that the Department of Justice had investigated the situation and had found nothing to indicate that the Columbia bank or its officers were involved in any irregularities.

"PREVENT INVESTIGATION"

Senator BLEASE asserted that the Department of Justice had refused to furnish him the reports of its agents on this investigation. He declared that the Treasury Department and the Department of Justice were both trying to prevent the investigation for which his resolution provided. The Senator told the committee that he wanted a report to the Senate, whether for or against his resolution or without any recommendation at all he did not care, and that he (the Senator) would look after the matter on the floor of the Senate. Declaring that he had nothing more to say, the Senator picked up the papers which he had brought with him and departed. When Chairman NORBECK suggested that he leave the papers he emphatically refused to do so.

K. F. M.

Mr. BLEASE. Mr. President, I ask to have printed in the RECORD an article relating to the Federal farm-loan system and extracts from the Breeders' Gazette, of Chicago, Ill., and the Farm Leader, of Minneapolis, Minn.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter referred to is printed, as follows:

HAS THE FEDERAL FARM-LOAN SYSTEM MADE GOOD?—COMMITTEE OF CANADIAN BANKERS, AFTER COMPREHENSIVE NATION-WIDE INVESTIGATION, REPORTS THE SYSTEM HAS MANY SHORTCOMINGS REQUIRING REMEDY

The Federal farm-loan system was put to the acid test as to its value to farmers, and the worthiness of the present method of administration, by a committee representing Canadian bankers, and after being weighed in the scales of justice and economy, condemned, much to the chagrin of those who write and speak biased propaganda in behalf of the system and its present staff of political bankers.

The committee representing the Dominion Mortgage and Investment Association not only found the present system wanting in several respects but returned home to appeal to their people not to duplicate north of the international boundary line the many errors which have characterized the 12-year trial at boosting farmers into prosperity via the political route.

The committee assumed that the system, inaugurated in 1916 and having functioned nearly 12 years, had been in existence sufficiently long and had had many opportunities to serve American agriculture through peace and war and afterwar crises to provide material for an unbiased test of its worthiness. Extracts from the report filed with the organization's head offices in Toronto provide some thoughts worth considering at this time, particularly in view of the fact that many of the Federal land banks, not to mention the heads of the Farm Loan Bureau, are now under fire:

"The operation of the Federal farm-loan system has been on a very large scale. At the end of 1920 (the first six years of its operation) the amount of loans outstanding was $427,637,629, despite which the agriculturist of the United States found himself in a deplorable condition. Two and a half years later—June 30, 1923—the advances by the system had reached $1,097,309,995. Meanwhile the condition of the farmer had not improved. The present loans outstanding are enormous compared with the sums the farmers have been enabled to repay under the blessings of this type of loan.

"From the addition to his financial obligations in the form of long-term mortgages, it would be, according to the authors of the system, reasonable to expect a decided improvement in the position of the farmer. When the rural-credit propagandists created public opinion which resulted in the decision of the United States Government to accede to their requests it was alleged that progress in agriculture was arrested by lack of and cost of credit facilities. That lack has been replaced by elaborate machinery and with a measure of state aid to which no parallel in history exists.

"The data indicate beyond doubt that the provision of credit in unprecedented measure and the extension of elaborate machinery has not brought about improvement in agricultural conditions in the United States. In addition to credit machinery, tariff adjustments, so as to exclude or hamper the marketing of agricultural products of Canada in the United States, were designed to assist in enabling the farmers of the larger country in meeting their obligations.

"J. B. Morman, economist of the Farm Loan Board, has told us, 'The purposes of credit are precisely the same in agriculture as in any other business or industry. By enlarging his credit a farmer expects to increase crop and livestock production and thereby improve his financial position.' Mr. M. B. Herrick, another authoritative spokesman for the extension of rural credit in the United States, says, 'Productive credit is that which is employed to stop a loss, effect an economy, or create something materially valuable.'

"Measuring results by these standards, what do we find?

"As to the increase in crop and livestock production, the latter is very largely contingent on the former. In Iowa, one of the foremost agricultural States, the volume of production in four years varied from 14.13 per cent to 28.58 per cent more than the decade before. But the mortgage debt increased by 187.5 per cent in the same 10 years. If we take all the States the result is largely increased debt, and, relatively speaking, a very slight increase in the value of farm products. It is all too obvious that the credit supplied has not been utilized for agricultural development but rather to replace existing debt and to provide for loss or improvident expenditures.

"The debt created, without corresponding increased volume of marketable production, now constitutes a serious problem in the United States. Of its seriousness Mr. Morman says: 'The amount of farm mortgage debt and its relation to the present and future profitableness of farming have become great national problems. During the decade 1910 to 1920, farm mortgage debt increased by $2,227,594,341, or 132 per cent. While this increase in debt from farm production is still more alarming, for usually a farmer has no other source of income except what his farm yields him. If the mortgage debt on a farm is large, the amount paid as interest will be correspondingly large. This is a drain on income. The question is whether farmers can redeem themselves from debt out of the net earnings from their farms. This is unquestionably the foremost rural credit problem now confronting the United States.'

"Mr. Morman has linked Canada with the United States as suffering in like degree from depressed agricultural conditions. While lower prices for products has been the cause of unprofitable agriculture in Canada, as in the United States, the increase in mortgage debt in the Dominion has been normal, while the increase in volume of production has been far greater, relatively, than that of mortgage debt.

"It may be observed here that in the active farm loaning fields of Canada—the Prairie Provinces—the lands taken over by lending agencies for nonpayment of principal or interest do not represent a debt of more than $10 per acre. The Federal Farm Loan Board has authorized loans in North Dakota that average $22.70 per acre. In volume or value of field production per acre, the Canadian provinces (just north of North Dakota), have some advantage as compared with that State, but in mortgage interest and tax liability they are relatively in a much more favorable position. In respect to other States the difference in volume of mortgage debt as compared with Canadian provinces becomes impressive as its significance is revealed by data of an official character which is available.

"As no experiment in farm finance like unto the politically operated Federal farm-loan system has been carried on along nation-wide scope in Canada, that would seem to be the reason why the debts of our farmers are comparatively light. The volume of production, the acreage under crop, and the value of the crop have increased more rapidly than the mortgage debt.

"A Government subsidy: The act under which the Federal farm loan was established in 1916 was, from the outset of this venture, a political experiment. At the outset the United States investor, generally speaking, looked upon the entire plan with disfavor, and even declined to buy farm-loan bonds in sufficient volume to make the system operative. On January 18, 1918, the Secretary of the Treasury hurriedly secured an amendment to the act, authorizing him to use $200,000,000 of Government funds with which to buy farm-loan bonds.

"This action marks the departure from the basic principle upon which the act was intended to operate—that is, cooperative. The American commission (1913) reported: 'It is the opinion of the commission that our American problem in rural credit should be worked out without Government aid. One of the great lessons learned in Europe is that in the long run the farmers succeed best where they help themselves. Whenever they become dependent on the Government, they keep looking to the Government for more aid. It is believed to be a correct general statement that rural credit is on the strongest basis in those countries where it has been developed most completely without Government aid. Even granting the great importance of agriculture, it is improper for all the people to be taxed in order to assist the prosperity of even a great class like the farming class.'

"On that subject President Wilson, in his first annual message, said: 'The farmers, of course, ask and should be given no special privileges, such as extending to them the credit of the Government itself. What they need and should obtain is legislation which will make their own

abundant and substantial credit resources available as a foundation for joint, concerted, local action in their own behalf in getting the capital they must use.'

"The Secretary of the Treasury, W. G. McAdoo, said with respect to a proposition to lend money for another private industry: 'Gentlemen, you ask us to stand for a proposition to lend money to private corporations or individuals upon the security of mortgages. Never on the face of the earth. Bills are referred to me asking * * * for raids upon the United States Treasury in the form of actual loans to be made by the Treasury, on this thing and that thing, farm loans, loans upon houses built by workingmen, etc. If we go into the money-lending business we will have to lend it to everybody; you can not discriminate under our system of government. Everybody must tap the Treasury till if you attempt any such resolution as this.'

"But the Federal Government did step in with liberal allowances when ordinary methods of financing seemed to lag. Some of the advantages have been repaid out of proceeds of bond sales made. The literature of the Federal Farm Loan Board would indicate that it does not yet realize that in the case of mortgage lending, especially on the long-term plan, the extent of the losses can not be gauged with reasonable accuracy until after a long period of experience.

GOVERNMENT SUBSIDY AND LAND CREDIT

"Reasons for tax exemption: It was urged by those responsible for the act that the feature of tax exemption of the bonds and securities issued was essential to the system in order that the bonds could be more readily sold, and therefore the farmer could be assisted quicker and more generously, and that helping the farmer was helping the community at large. But the cost to the Government of this feature was obviously not considered or emphasized, yet experience has demonstrated that the saving to the borrower is far less than the total in taxes that exemption costs the State, or transfers the debt to other taxpayers.

"From the investor's point of view, tax exemption only appeals to the very wealthy, since a taxable security bearing 6 or 7 per cent shows more real profit to a man with a small income than a tax-exempt bond bearing 4½ or 5 per cent; therefore, the advantage offered enables the wealthy to invest their money in a safe security showing a heavy net return equivalent to a taxable bond bearing 15 per cent. The ownership of these securities concentrates in the hands of those who otherwise would be liable for the heaviest taxes.

"To illustrate this point of the cost to the Government, a concrete example may be quoted from a speech by Hon. LOUIS T. MCFADDEN, chairman of the Committee on Banking and Currency of the House of Representatives:

"'To show the small benefit of these loans to the borrower and the great benefit to the bondholder, assume that Peter Smith borrows $10,000. He gives a mortgage for $10,000. He receives $9,500 in cash, and $500 in bank stock, on which he assumes a double liability, making his entire liability $10,500. He pays $550 a year interest, or 5½ per cent, on $10,000. He only has the use of $9,500, but he hopes that when the loan is paid off in 34½ years that the settlement will show a profit on the bank stock. Smith could have borrowed that $10,000 at 6 per cent from a private investor and had the use of the entire $10,000, and assumed no liabilities, by paying $600 a year. He would not have run the risk of losing on the liability of $500 on his bank stock, either. But if everything turns out all right and the bank pays dividends for 34½ years, Smith will save $50 the first year!

"'Now, take the other side of the case and see what the American taxpayers lose through the deficit in the National Treasury because of the tax-exemption of this $10,000 worth of bonds that were sold to furnish the money for Smith's loan. Over 200 individuals and corporations receiving incomes of more than $1,000,000 a year are subject to an income tax of 77 per cent on the excess above a million income. On $10,000 of 5 per cent farm-loan bonds, the income is $500 a year. The income tax of 77 per cent on $500 is $385. This owner of tax-exempt bonds makes $385 a year because he is not required to pay that amount into the National Treasury. To offset this loss to the National Treasury, Peter Smith hopes to make $50. Here is a net loss of $335 a year that Smith's neighbors and other citizens of the country must pay to make up the deficit in the National Treasury caused by this tax exemption on the Smith bonds.

"'It would save $335 to the taxpayers annually if the bondholders were required to pay legal taxes and Smith was given a donation of $50 from the National Treasury. But these bonds may run for 20 years, so you may multiply this sum by 20, which makes a staggering sum lost by the National Treasury because Peter Smith and all the other farmers were allowed to dip into the tax-exemption feature.

"'The unexpected effect of this law increasing taxes has been to automatically reverse the action of the tax-exemption section of the farm loan act. Instead of benefiting the poor farmer it most benefits the very rich bondholder at a ratio of more than 7 to 1.'

"Free use of mails: The Federal farm-loan system and other systems enjoy free use of the United States mails. From the inauguration of the system in 1916, the entire country has been flooded with literature for propaganda purposes. The advantage of the farm loan system as compared with that of private institutions has been persistently urged in this literature, and some very fantastic claims have been made as to the advantages of the system. A great deal of matter which appears in these publications has a political flavor and is obviously intended to create a favorable impression with respect to the particular party in power at the time the publications are issued and distributed.

"Land inflation: That the operations of the Federal farm-loan system would result in inflation of land values, or, at any rate, made it possible for land speculators to profit by inducing land transactions, is apparent. Farm owners in many cases sold out at abnormal prices and retired on the proceeds, while others sold what they had and bought larger areas in the expectation of values continuing to rise, both in respect to land itself and to the commodities produced from it. These operations were facilitated by the generous loans made by the Federal land banks. At the time the belief that land values and prices of farm produce would remain high was encouraged by the propaganda of the Federal farm-loan system.

"Congressman Fordney, of Michigan, was amongst a number who viewed the situation differently. In the House of Representatives, he said: 'Thoughtful and careful people everywhere counsel economy in living and caution about investment in this time (1919) of high taxes and inflated prices. The Treasury Department urges us all to save money to buy thrift stamps and help pay the war debt. The Federal Farm Loan Board takes exactly the opposite view. They urge people to borrow money to place mortgages on their farms. With the aid of traveling lecturers, Chautauqua speakers, special newspaper writers, and others, farmers are told that Federal farm-loan mortgages never have to be paid off, or that they pay themselves off! Many are led into borrowing money for land speculation or to invest in automobiles and nonproductive improvements.

"'One of the popular phrases of these mortgage promoters is: "The farmer is learning that the dollar is a thing to be spent and not something to be hoarded." I know that they have loaned money on farms in the country at much above the value of the property, and that the Government will never get the money back. It is a fraud. I know a piece of land that sold for $3 an acre, and the Federal land bank loaned $15 an acre on it, and it would not sell to-day for $5 an acre; and that is the kind of loans they are getting sometimes. The loans made by the Federal land banks are such loans that prudent bankers and experienced money lenders will not make. Those responsible for the system encouraged the farmer to borrow extensively, being desirous of proving its value by the number of loans and the amount loaned. In some cases where the borrower was a thrifty farmer, benefit was derived, but in the majority of cases the money so obtained was used for unproductive purposes.'

"Pyramiding of debt.—The correctness of these forecasts was well founded, as is evidenced by a study of the conditions that have existed in recent years. In the United States the volume and value of the production show increases in 1920 over 1910 of 20.89 per cent, and 63.07 per cent, respectively, whereas land values increased 117.61 per cent. While volume and value of production remained about stationary, or practically so, during the four years, 1920–1924 inclusive, mortgage debt increased rapidly. On owner farms it amounted to $4,003,767,192 in 1920, and $6,214,222,263 in 1923. In the latter year it was 260 per cent greater than in 1910, as compared with an increase in production of only 17.07 as to volume and 54.14 as to value. Debt has increased enormously while value of and volume of production have shown but a nominal change.

"The State of Iowa, which ranks high from an agricultural standpoint, is shown as having a mortgage debt on owner-operated farms at the end of 1910 of $204,242,722, and this had risen by 1920 to $489,816,739. The increase in the 1920 debt as compared with that of 1910 is 139.82 per cent. Similarly, in the case of Nebraska, another important agricultural State, the debt increased in the 10-year period, according to census figures, from $62,373,472 to $168,507,859 in 1920.

"In the State of Iowa the volume of production in 1923 was 21.27 per cent greater than in 1910, but the mortgage debt had increased 187.82 per cent. While the volume of production has remained practically stationary in recent years—approximately a 25 per cent increase, as compared with 1910—the value of farm products was approximately 75 per cent greater. The mortgage debt, however, increased at a much more rapid rate than either the reputed value of the land, the value of the product, or the volume of production.

"In the United States agricultural production represented, in volume, an increase of only 17.07 per cent of 1910. In comparison with this, the debt of farmers increased 260 per cent. Now compare this with the experience in Canada where the mortgage debt increased, according to mortgages outstanding of the chief lending agencies, about 25 per cent, and production increased 104 per cent. Obviously, under the credit facilities provided farmers of Canada (private interests), production has increased more rapidly than in the United States (under political banking), and the farmers' debt in Canada has not increased nearly so rapidly as it has in the United States.

"Promotes landlordism: We have given attention to the effects of the Federal farm-loan system upon agriculture and production since the operation of the system. It is apparent that this great increase in farm debt was largely the result of lending by the system under the

auspices of the Federal Government. It was based upon the German plan. That plan was not intended to be of benefit to the operating farmers but rather to the land owners of that country. It has its origin in a general effort to rehabilitate the fortunes of landlords. It was successful in this respect, but it can not be said that the German farmer, rack-rented as he is, is in a position at all comparable with that of the agriculturists of the North American Continent.

"It is to be hoped that the landlord system, as it exists in Europe, will not take root here in Canada, as it is now liable to do if lending of the kind that is taking place in the United States continues. The tenant class, it is regrettable to observe, is steadily increasing, and that tendency is being accentuated by the farm-loan system of lending which has been adopted nationally. The cause appears to be the granting of large loans to landowners rather than to those who actually live on and produce from the land."

THE GOVERNMENT IN BUSINESS—VIEWS OF A FARMER STOCKHOLDER IN THE FARM-LOAN SYSTEM

When Congress took the round-about-face position of removing the farm-loan system from the control of the rightful owners and turned the enormous assets represented by the capital stock of the 12 Federal land banks into the control of the political appointees on the governing and supervising board, who work through their appointees in the banks, the United States Government then and there set forth upon a banking business without parallel in the experience of nations. Nowhere else in history has a government first enacted a system of finance for a particular class of people upon the promise that when they have subscribed to the capital stock a sum equal to that first advanced by the Government to capitalize the system that it would be turned over to them, the farmer owners, and then turned around and by an amendment to the fundamental act withdrawing from those property owners their property rights, vesting this in the hands of political appointees. It is not strange that the Federal farm-loan system to-day stands as the one outstanding failure of government in business.

Surely this has not been progressing to the present stage without recognition on the part of those in authority that it is not in keeping with American principles, as established 150 years ago by the First Congress, and to-day part and parcel of the fundamental laws of the country.

As recent as November 17, 1927, President Coolidge, in his Union League address at Philadelphia, said:

"We have always held very strongly to the theory that in our country at least more could be accomplished for human welfare through the encouragement of private initiative than through Government action. We have sought to establish a system under which the people would control the Government and not the Government control the people. If economic freedom vanishes, political freedom becomes nothing but a shadow.

"It has theretofore been our wish that the people of the country should own and conduct all gainful occupations not directly connected with Government service. When the Government once enters a business it must occupy the field alone. No one can compete with it. The result is a paralyzing monopoly."

It is very evident that those in authority of the Federal farm-loan system have neglected to advise the President of the current method of management of this politically administered farm-loan system, though many farmers did, upon the recent appointment of members to the Farm Loan Board, very emphatically advise the Chief Executive of their dislike of those same appointees, and of the shunting aside of property rights.

However, the promises of Government operation made early in the above-quoted paragraphs of the President's remarks have been very fully realized in the language which he later used. Who can doubt that "economic freedom vanishes, political freedom becomes nothing but a shadow," is true of the great farm credit system which politicians have endeavored to build? More than 1,000,000 American farmers who have gone into debt under this plan now find themselves possessed of stock in banks in which they are unable to vote, because politicians operate those same banks; the same farmers are now assuming liabilities to the extent of 10 per cent of their loans to safeguard a system operated by politicians who are—many of them—still experimenting in the art of banking.

Wholesale foreclosures, with most unfortunate results to the farmers, are now in progress throughout the United States. An official of the United States Department of Agriculture recently estimated that these have become greater than $5,000,000, and that three times as many loans should now be foreclosed, probably will be forclosed during 1928. Is this the hopeful, the helpful child Congress created only 12 years ago—is this the blessing in disguise which political banking promises those who are determined that politicians shall operate the land banks?

There is another side of the Government operation of land banks to be considered which promises in the near future to become a national scandal in keeping with many unholy unearthings which have so recently characterized the present and former administrations at Washington.

The crux of this problem is the method by which political bankers hope and expect to repay to bondholders the money which the investors loaned to the politicians to, in turn, loan to farmers, when the farms upon which the money was loaned have been foreclosed, are abandoned, and are not even returning sufficient funds to pay the annual taxes, not to mention interest on investment or principal sum. In solving this problem, the political bankers are sure to point a new way to private bankers, namely, how to make money grow where there is no activity or income.

The failures of the Federal farm-loan system, nor the criticism of its administration, could not have been more emphatic or glaring had the most foolish among farmers been responsible for its administration in the past 10 years. It is doubted if there exist anywhere farmers who would have gone ahead in so foolhardy a manner as have many of the politicians who have, from time to time, been placed in charge. Surely, the farmer-owners as managers of their own banks, could have devised a method of operation of farms which have loans upon them upon which farmer-operators can not meet the obligations, that would have been a great improvement over the system adopted by the Washington administrators of shoving the helpless farmer off his land.

The principle of the Federal farm-loan system may be right, but its policy of Government operation of that which belongs to some one else is a glaring indictment of every one who has been connected with it. It is to be hoped that Russia, India, Egypt, or Canada will never adopt a plan of banking which extends to farmers the promise of golden days, and after they have entered its portals, paid for their stock with money which they have borrowed and upon which they pay interest annually, will then take away from them their banks and place them in the hands of "changing" politicians.

No one wishes to deny the entire propriety of a high degree of public regulation and supervision. When, however, this regulation and supervision ceases to be merely regulatory and supervisory and undertakes, as have the political appointees of the Federal farm-loan system, to conduct the business which the farmer really owns and has paid for—the land banks—that is a grave and dangerous principle upon which to operate, and can lead only to ultimate dissatisfaction, and, unless corrected in time, to destruction and national scandal.

Continuity of policy and familiarity with the background of any business enterprise are essentials to success. The names of the men who have acted during the past 12 years as members of the Farm Loan Board comprise a list so long as to read like the roll of the Legion of Honor. Yet, had these political appointees served only their stated time, but a few would have served in this capacity in the same length of time. Officials who come and go with the shifting winds of popular favor, having neither long experience (if any experience), nor fundamental knowledge of the banking business, can not be expected to furnish the same type of management as that which has been and is so notably successful in the interest of private enterprise. Very few of the men who have served in the past 12 years on the Farm Loan Board, and as few in the 12 Federal land banks, have had even a "speaking acquaintance" with either agriculture or banking. Almost without exception their only qualification has been a strong political "pull." What sane financier would endeavor to successfully operate a banking institution, no matter how small its field of endeavor, with executives of that type? Yet, this is a great nation-wide system, operating in 48 States and Territories beyond the sea, by men of little or no actual knowledge of the demands of agriculture, or how to best meet them. Too often the truth has been that the only interest of the officials has been, "When is pay day?"

Such is the fruit of Government operation of a great banking system. Losses are being made which are enormous, and little is being done to stop the leak in the dike. It seems now to be a matter of "letting the Government or the farmer pay the bill," but later on, when the big pay day really comes round, it will be a most surprising financial transaction, which threatens to overshadow any recent investigation held in Washington.

[Extract from the Breeders' Gazette, Chicago, Ill.]

IS THE FARM LOAN ACT SATISFACTORY?—FEDERAL SYSTEM OF RURAL CREDITS CREATED BY THE LAW HAS FAILED OF ITS BEST RESULTS BECAUSE FARMERS HAVE NOT HAD ENOUGH TO DO WITH ITS ADMINISTRATION

The recent difficulties under which the Federal farm-loan system has been laboring, in its presently organized paternal branch of our Government, instead of the system the fathers of the system dreamed of perfecting, and farmers for 40 years have striven to secure, demonstrates that we have had more than a sufficient amount of this type of organization. It illustrates well the fact that Government control in farm finance is no more satisfactory than Government control of other branches. Had the Federal farm-loan system been originally organized as the fathers of the system planned, instead of as poli-

ticians desired, a far different story could be written of it to-day. The patriots have ever cried: "God give us men," but the politicians, not content with that, worship at the shrine of "Give us offices to fill." Thus we note that men who could not speak as representatives of our farmers have been holding a dominant position in the Federal farm-loan field, and have spoken their own personal opinions as representing farmers, whereas farmers knew nothing about their plans. The present situation is an illustration of the consequences of outside domination.

The Federal board was headed for its first two and a half years by a private banker. He selected private bankers as his aides. The various district land banks are manned by essentially private bankers or else mild agriculturists. In a few instances actual farmers do hold sway, but these are so few as to be marked. The Federal farm loan act specifies clearly that none save actual farmers may borrow through the district Federal land bank; had patriotism instead of politics dictated the same act's wording, actual farmers rather than private bankers would officer it.

The Federal farm loan system was planned along modern American political lines, under the dictation of private farm-mortgage banking leaders, and not along the perfected and successful rural credit lines of Europe. Here the politicians hold the balance of power and dictate, while over there the men who advance the collateral security, purchase the capital stock and make possible the system, manage it. In order to be a democratic institution, our Federal farm-loan system must be placed in the hands of American farmers and removed from the dictation of politicians and private bankers.

Congress, without any "ifs" or "ands," enacted a bill advancing $300,000,000 to the railroads, and permitted the railroad operators and managers to purchase such rolling stock as they might desire, without red-tape dictation and inefficient leadership. Are the railroads more vital than food-producing farms? Both are essential, and both have men in the ranks capable of managing their own business without outside aid. Neither requires paternalism, but both are in their present plight because of an overabundance of it. Had the politicians left agriculture and transportation alone, and permitted those in each field to attend to their own affairs, both would be in a more stable position now.

Government supervision is one thing, but Government dictation and domination are quite another. The land banks should be placed upon the same basis of supervision as national and State banks.

The decision farmers should make right now is that they themselves should have the entire control of the operation of these various cooperative financial systems, without governmental dictation or more of the "kind uncle" advice which characterizes the administration of a Federal bureau. American farmers have themselves supplied the unquestionable credit facilities warranting the millions of farm loans; farmers have themselves subscribed to the capital stock of the 12 land banks, and it naturally follows that, being actual owners, they should themselves operate these banks. There is no sound logic for further clogging of this farmers' cooperative machine with red tape.

Time and experience have demonstrated fully in the 12 districts that each has one or more localized problems quite different from any other. To illustrate: While the Middle West was experiencing the so-called land boom other districts were not, yet the Farm Loan Board put into immediate force certain rules which limited the same districts from adequately financing farmers' needs, in comparison with what the fundamental farm loan act promised farmers or the security offered by farmer applicants.

Again, early in the operation of the system it was discovered that California citrus growers were holding their land values as high as $1,500 to $3,000 per acre. The board put into force rules governing the operation of all banks which have resulted in great hardship to fruit growers of other sections whose land values are but a fraction of those of the Golden State. In other words, to safeguard the system in a dozen Pacific coast counties, the fruit growers of 48 States were made to suffer.

The point I desire to impress is that in a farmer owned and controlled land-bank system each of the dozen land banks would be able to remove the present cumbersome conditions and at once have a more elastic and pliable system. Each of the land banks could formulate rules and regulations adapted to the individual and local conditions existing in their districts, rather than be forced to adopt and enforce cut-and-dried, ready-made rules placing hardships upon the multitude in order to keep the minority within bounds.

The appreciation of the officials of 4,000 national farm-loan associations of the country runs high for the urgent need of some immediate remedy for present conditions, if the system is really to serve farmers as it should and as it was originally intended that it should. It is obviously impossible to secure any set of members of a Federal board who would make rules and regulations in Washington that would meet the requirements of the great body of farmers. Can we not determine a superior way of permitting the men who are actually on the land and in the farm-loan field to work out their own salvation along sound banking lines, in no way lessening the value of the farm-loan mortgages, but by several degrees advancing the service of the system?

Senator CHARLES CURTIS, of Kansas, has presented a plan which possesses considerable merit. Describing it, he recently said:

"Under the syndicate arrangement adopted for selling farm-loan bonds it looks as if brokers get the premiums and that the land banks are getting no particular advantage from the tax exemptions of their securities. Would it not, therefore, be better to let the farmers themselves manage these banks exactly as the law intends? The only change necessary for this would be to give the farmers the entire responsibility for the system and oblige them to operate on their own unquestionably good credit.

"This is the secret of the soundness and success of innumerable borrowers' banks of various kinds, among which failures are rarer than among ordinary banks. The 65,000 cooperative credit societies, with 15,000,000 members and a $7,000,000,000 annual business, are based on this idea of using their own credit and of imposing upon members a liability that is either unlimited or else severe enough to be felt. The cooperative bank with unlimited or limited liability has proved its worth wherever tried, in country, town, or city, for encouraging thrift and extending credit in large and small amounts.

"The same idea prevails in all true building and loan associations among the 7,269 with 3,853,612 members and $1,769,142,175 assets in the United States. Any member getting a loan must subscribe for shares up to its full amount. His payments are made not on the mortgage but on the shares. When the shares mature he may turn them in and have his debt canceled. The maturing of the shares depends upon his payments and also upon the association's profit and loss. All his credits could be wiped out by a loss; consequently he is liable to the full amount of his mortgage. Profits would hasten the extinction of his debt, and he is as deeply interested as are nonborrowing members. As a result, these associations can operate even on savings with safety, although borrowers share in the management.

"The Landschafts, founded 150 years ago, are composed entirely of borrowers. They now number 23 with some $1,000,000,000 worth of bonds, and none of them ever defaulted an obligation. The borrowers elect all the officers and appraisers, every one of whom must be a borrower. The borrowers' payments go into a sinking fund, in which the cash on hand, together with the unpaid principal of the loans, must equal outstanding bonds. If this fund becomes impaired in the old Landschafts any member may be assessed without limit for the deficiency. In some of the newer Landschafts the liability is limited to the mortgage or some portion of it. But the basic idea is that all the borrowers have the direct management, use their own credit, and assume liability large enough to be felt."

Under the Federal farm loan act, as it is now administered, appointments of appraisers are made by the Farm Loan Board, upon the recommendation of the district land bank. The farmers who have subscribed to the capital stock of these land banks have not been taken into consideration, with the natural result that many appraisers are not adapted to their work, and farmer-borrowers have been forced to endure hardships because of this shortsighted policy. In one or more instances appraisers who are identified actively with private banking interests making farm mortgages have been employed in the farm-loan service. Their reports have been responsible for rejecting a large percentage of farmer-applicants from the system's service. This has been continued despite the fact that section 3 of the act provides that no appraiser shall be employed thus engaged in private banking. Here lies an important reason why farmer-owners, who guarantee the system against liability to the extent of 10 per cent of their loans, should themsleves select the men who make the reports on the loans, and not outside men, who have not one cent involved in the system.

Myron T. Herrick, who probably is the real father of the present rural-credit system, is much in favor of the farmers themselves operating their banking system. "If the farmers had a bank of their own," advises Mr. Herrick, "they could exchange its notes secured by their agricultural or livestock paper running for six months or less for Federal reserve bank notes, and thus they could convert such paper into Government obligations which can be used in transactions with individuals in this country the same as money. The great majority of farmers have the best of characters, with property and wealth-producing power out of which the soundest credit and the highest financial standing could be created.

"The banks know all this. Indeed, most of the funds which they own and are using for other industries came from agriculture. Their total resources are approximately $34,600,000,000. The farmers produce an annual crop worth more than $20,000,000,000, or more than 55 per cent of the total bank resources. These figures indicate a moral duty of the banks to render more service than they now give to farmers. For what would become of the banks if they should be deprived of the annual agricultural production which is represented by paper passing through them, or which has been transferred permanently to them? The farmers in the aggregate have accumulated $60,000,000,000 of wealth, or one-fourth of the Nation's wealth. This and their annual income are more than enough to supply their own banking and financial needs, if they should mobilize the credit value of these stupendous

resources. But this mobilization can be accomplished only by forming banks of their own.

"With such banks the farmers would have first the use of the wealth they create, and avoid much of the necessity of mortgaging farms and all the losses coming from forced sales of their crops. Moreover, they would add strength to their already existing associations and save the interest they now pay in borrowing from outside sources. They would also help all other industries, because the farmers' needs would be for short terms, in most cases extending no longer than from harvest to harvest, when their returns, increased by the resulting improvement, would mingle again with the general banking power and swell its volume. Perhaps $10,000,000,000 would have been added to this power if farmers in their organizations, splendid though some of them are, had not done the very reverse of what the best cooperative farmers in other countries did, who began by forming banks."

[Extract from Farm Leader, Minneapolis, Minn.]

WRECKING A COOPERATIVE LOAN SYSTEM—HOW THE FARM LOAN BOARD WIPED OUT ORIGINAL SPLENDID PROVISIONS OF THE FEDERAL FARM LOAN ACT

In the last issue the Leader told the story of how the farmers have been prevented to date from controlling and managing the Federal land banks, although the original law provided for such control. Congress, the political boards of directors of the land banks and the Federal Farm Loan Board, through a trick, have prevented the original cooperative plan of organization of the banks from being carried out. It should have been carried out long ago. Under the permanent plan of organization for the banks, provided for in the law and constituting a pledge to and contract with the farmers, the farmer borrowers of the banks long before this should be in control through their electing six of nine permanent directors for each bank.

But the Federal board to date has been able to keep its dictatorship of the banks, to the exclusion of farmer management, only because of the trick put over on the farmers.

Have the farmers failed to apply for land-bank loans? No; the land banks have rejected and are rejecting applications for hundreds of millions of dollars in loans.

Each land bank is supposed to have the right to issue as many bonds as necessary to take care of its applications for loans, without dictation of the Federal board or without regard to the other land banks. But the policy of the Federal Farm Loan Board has apparently been to put on the brakes and keep the Government rural credit system from developing as rapidly as it should or as it could. This has played into the hands of private money lenders. And now they want to prevent the management of the banks from being put in the hands of the farmers themselves, so that the farmers can not develop the system where the political management so miserably failed!

INTERMEDIATE CREDIT BANK, COLUMBIA, S. C.

Mr. NORBECK. Mr. President, I desire to make a brief reply to the remarks of the Senator from South Carolina [Mr. BLEASE]. Some time ago the Senator introduced a resolution calling for an investigation of the Federal land bank located in his State, or, more particularly, the intermediate credit department of this bank. About the same time there was introduced in the House by Congressman HARE, of South Carolina, a bill, the effect of which would be to have the Government reimburse the customers of a certain defunct State bank in the amount of $600,000 or $700,000, which said customers lost on account of the failure of this bank, located at Beaufort, S. C. It seems that a large number of loans had been made by the intermediate credit bank to farmers and planters in the vicinity of Beaufort and that repayment of some of these loans had been made through this bank, which is now closed, and that said bank had not remitted to the intermediate credit bank at Columbia, S. C.

Charges of gross irregularities have been made as to the management of this failed bank. Criminal prosecutions have been conducted by the Department of Justice, and I think some of the parties connected with the failure have been convicted.

Some of those who suffered losses claim that the intermediate credit bank was more or less responsible for the conditions existing in said State bank. But the statements made before the Committee on Banking and Currency were so indefinite, and even conflicting, that the committee was unable to pass judgment on the matter.

This meeting of the committee had been called especially for the purpose of considering this resolution. The author of same was given the opportunity to make the opening statement, which he did. He laid upon the desk a large number of papers and said, "Here is my proof." Before we got very far along with the hearing the Senator from South Carolina did just what he has told you he did—he picked up his papers and left the room, leaving the committee without any of the evidence.

Congressman HARE, the author of the House bill above referred to, for the relief of the customers of said bank, was next heard by the committee. He impressed me as a sincere man trying to be helpful, but he was not in complete possession of all the necessary facts.

The only action so far taken by the committee on the Blease resolution is a request to the Federal Farm Loan Board to make a report on this whole matter, in order that the undisputed facts may be known to the committee.

I want to say to the Senator from South Carolina that I am delighted now to know that the evidence he has will be made available to the committee. I can assure him that it will be read carefully and that action by the committee will not be delayed.

Mr. BLEASE. Mr. President, I wish to say to the Senator from South Dakota that I have filed with the Secretary of the Senate all the records of which he has spoken. They are now in the hands of the Secretary of the Senate.

TREATMENT OF MILITARY PRISONERS DURING THE CIVIL WAR

Mr. SIMMONS. Mr. President, my attention has been called to an article appearing in the Boston Evening Transcript, of Wednesday, March 21, in which there is discussed a subject around which has raged considerable historical controversy. The Boston newspaper prints a statement with reference to the controversy by Capt. Samuel A. Ashe, a Confederate officer and eminent historian, lawyer, and newspaper editor of Raleigh, N. C., who, although more than 80 years of age, is still vigorous and active, both in body and mind. The Transcript refers to Captain Ashe's statement as being "a plain and temperate statement from a southern man." I think the information given in this newspaper article should be preserved in some permanent way, and I therefore request unanimous consent that this article from the Boston Evening Transcript may be printed in the CONGRESSIONAL RECORD.

The PRESIDING OFICER. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE NOMAD

This is not in any sense a controversial column, and the little story here given about the inscription on a Civil War soldier's gravestone at St. Albans, Vt., was not admitted with any controversial intention. But it has called out the following plain and temperate statement from a southern man, and under all the circumstances it is entirely fair that this statement shall be respectfully presented and the matter dropped there. It is Mr. S. A. Ashe, a Confederate officer and a well-known lawyer, business man, former newspaper editor, and historical writer, of Raleigh, N. C., who writes to the Nomad:

"The northern people," he says, "have been led astray by misstatements about the South. Certainly there may have been excesses on either side, but the South has been unjustly stigmatized for alleged improper treatment of prisoners who had surrendered to the honor of their captors. That is an error. As to the death of prisoners, if we institute a comparison we will find that relatively more died at the North than at the South. On July 19, 1866, Secretary Stanton reported that 26,246 southern boys had died in northern prisons and 22,246 northern boys had died in southern prisons, while there were 270,000 of the latter and 220,000 southern soldiers taken prisoners. And this disparity is greatly increased when we consider the varying circumstances. At the North there was no want of provisions or medicines. At the South there was a want that could not be filled. It was with this knowledge the North ceased exchanging prisoners—as a war measure—to burden the South with the care of its many prisoners. There might have been a mutual parole, without exchange. Grant paroled 30,000 Confederates at Vicksburg who were never exchanged. That might have been continued.

"When the summer of 1864 was coming on, Mr. Ould, the Confederate commissioner of prisoners, sought to make purchases from the United States authorities of needed medicines. He offered gold, cotton, tobacco, any price, for the medicine, and the medicine to be dispensed by United States surgeons. It was to be for the use of United States prisoners alone. That offer was refused. Then in the summer disease broke out at the principal stockade at Andersonville. It was ascribed to the German prisoners not being accustomed to corn bread. The disease became a pestilence. Steps were hurriedly taken to remove all the well men, but that took time. On July 10 the prisoners held a great meeting and appointed a committee of five to proceed to Washington and to represent conditions and beg for an exchange of prisoners. This committee met with no favor at Washington. Deaths multiplied. In August, Mr. Davis made an offer to President Lincoln that if the United States would send transportation to Savannah he would send to their homes 10,000 or 15,000 Union boys. There was at first no answer.

"The pestilence was like a visitation of the yellow fever. September and October passed. No transportation. At length, on November 19, the United States vessels began to arrive. In the meantime there died, on September 11, among thousands of others, James Partridge Brainerd,

of St. Albans, Vt. On this monument it is recorded that he died 'entirely and wholly neglected by President Lincoln, and murdered with impunity by the rebels, with thousands of our loyal soldiers by starvation, privation, exposure, and abuse.' The misconduct here ascribed to the rebels, by his friends at home is an erroneous statement; he died, doubtless, for the want of medicines.

"Had the vessels been promptly sent, this young soldier would probably have been sent home. But the delay was fatal to him and others. Mr. Davis filled the United States ships with Federal prisoners—5,000 sick men and 8,000 well men—and they were sent to their homes. Certainly, it was terrible at Andersonville, but as deplorable as it was, there was nothing to bring to a southern Christian a blush of shame. 'The True Story of Andersonville' has been told by a Michigan officer, who was there, Lieut. James Madison Page, Company A, Sixth Michigan Cavalry, who gives his testimony as to the facts. He says: 'The reader may expect in this account only the plain, unvarnished tale of a soldier. He hopes that it will satisfy the lovers of truth and justice.' While his account is a woeful experience, yet it appears that the southerners did everything they could do mitigate the situation and conditions. It was a calamity, a visitation of a pestilence."

CONDITIONS OF UNEMPLOYMENT

Mr. SHIPSTEAD. Mr. President, on March 6 the Senate passed a resolution asking for a report on the problem of unemployment and 17 days later the Secretary of Labor presented a report to the Senate, which has been debated in the Senate, has been commented on in the press and, because of certain statements relative to that report having been made which are erroneous, no one else having called the attention of the erroneous statements made and based upon that report, I shall take a few minutes to call the attention of the Senate to the same.

Estimates of unemployed in the United States have been made in the Senate all the way from 1,000,000 to 5,000,000. The newspapers seem to take for granted the report of the Secretary of Labor, showing an increase of unemployment since 1925 amounting to 1,800,000 persons, in round numbers, and that part of the report of the Secretary of Labor seems to have been accepted as the total number of unemployed persons in the United States at the present time.

In order to understand the error of this conclusion listen to this paragraph in the report:

That the shrinkage in the volume of wage earners, including manufacturing, transportation, mining, agricultural, trade, clerical, and domestic groups, figured on the basis of those employed in 1925, is revealed to be 7.43 per cent. Applying this percentage to the total number of employees of 1925 gives a shrinkage between the average of 1925 and January, 1928, of 1,874,050 persons.

In the next paragraph the Secretary of Labor states:

In making 1925 the base of 100, it is understood that whatever there may have been of unemployment in that year is ignored.

I call the attention of the Senate to the fact that the figure or number 1,870,000 does not represent, on the basis of the report of the Secretary of Labor, the true number of unemployed persons in the United States at the present time. The figure merely represents the increase in unemployment or the decrease in employment since the year 1925.

Because there has been so much speculation and debate upon what might be estimated to be the present number of unemployed persons in the United States, I call the attention of the Senate to the fact that the Department of Labor has compiled from year to year the unemployment statistics. We have them compiled by the same statistician, Mr. Stewart, who is well known and has been well known for very many years as a very reliable statistician. For instance, we find that the peak of employment was in the first half of 1920. In his Monthly Labor Review for the month of March, 1926, on page 113, we find, taking monthly average 1923, 100 as par, that employment stood at 116 in the first half of 1920. There was a constant decrease, always figured on 1923, 100 as the base. There was a decrease for 1923, a decrease for 1925, and a decrease for 1928. On page 146 of the Monthly Labor Review for 1928 we find that on the same number as par, 100, employment stood at 84.2, a shrinkage in employment or an increase in unemployment from 1920 to 1928 of more than 32 per cent. We find in the same report that employment in 1925 was 8.8 per cent below 1923; that is to say, the employment shrinkage from 1923 to 1925 was greater even than the shrinkage from 1925 to 1928.

A little computation will show how many wage earners are included in the 8.8 per cent employment shrinkage between 1923 and 1925. Commissioner Stewart said in his report, issued by the Secretary of Commerce, that the shrinkage between 1925 and 1928 was 7.43 per cent, and that that shrinkage meant a decrease of employment of 1,874,000 persons. Assuming this basis to be correct, and I think it is correct, because I do not question the Department of Labor's own statistician, the shrinkage of 8.8 per cent would mean a two years' decrease of 2,219,690 for the period from 1923 to 1925.

Thus we have the official data of the Department of Labor that the decrease in the number of wage earners employed amounts to 1,874,050 as compared with 1925, which, in turn, was 2,219,600 below 1923. Therefore, comparing 1928 with 1923 as the semipeak of employment, the total shrinkage for the five-year period is 4,093,650.

But in order to arrive at a full estimate of unemployment we have got to go back to the peak of employment when approximately all wage earners were presumed to hold jobs, and that, according to the Secretary of Commerce and the statistician of the Department of Labor, was in the first half of 1920.

The Monthly Labor Review for March, 1926, which carries Table 7 back to the employment peak in 1920, shows the general index of employment and finally the total in manufacturing industries on page 113, and now we find that on the basis of 1923 as par 100, employment in the first six months of 1920 ran as follows: January, 116.1; February, 115.6; March, 116.9; April, 117.1; May, 117.4; June, 117.9; an average of 116.8 as the 1920 peak. Thus the United States Department of Labor reports that unemployment between first half of 1920 and 1923 suffered a shrinkage of approximately 16.8 per cent.

Commissioner Stewart tells us that he applies the shrinkage percentage in the manufacturing industries as the approximate percentage of employment shrinkage in all wage-earning industries. So let us do the same. If a shrinkage of 7.43 per cent means a decrease of 1,874,050 wage earners, a shrinkage of 16.8 per cent, as Senators may readily compute, means a decrease of 4,237,420 wage earners.

So here we have the complete record, based on the official employment tables of the Labor Department, showing the progressive shrinkage in volume of wage-earning employment from the high peak of employment in the first half of 1920 down to 1928, as follows:

From the peak in 1920 down to 1923, a shrinkage of 16.8 per cent, or 4,237,420 wage earners.

From 1923 down to 1925, a shrinkage of 8.8 per cent, or 2,219,600 wage earners.

From 1925 down to January, 1928, a shrinkage of 7.43, or 1,874,050 wage earners.

So the total shrinkage from the 1920 peak down to 1928, as officially reported by the Labor Department, is approximately 32.6 per cent, or 8,331,000 wage earners.

Now, some of the wage earners of 1920 have died, but others have been born and the native-born workers have yearly increased. Their ranks have been increased by immigration at the rate of about 250,000 a year, so Secretary of Labor Davis tells us. On the other hand, some of the wage earners have set up in business for themselves or become employing capitalists.

But before we leave this chapter of the report, let us recapitulate the index data officially reported in statistical Table 7 of the Bureau of Labor Statistics.

Bear in mind that all the data I have here quoted from Table 7 uses the same par base 100 for 1923. In the report to the Senate the department used 1925 as the base 100, but in its official monthly report to the public the Bureau of Labor Statistics, of which Commissioner Stewart is chief, has used for three years 1923 as the base 100. It makes no difference in the result, for one basis is readily converted into another, but for the sake of clearness and uniformity it is safer to use a common denominator, and so 1923 as reported in the official monthly bulletin is employed as the base 100 for all the data here cited.

And here is the index record running back from January, 1928, to the employment peak in 1920, using for all dates 1923 as 100:

Employment index for—	
January, 1928	84.2
1925 average	91.2
1923 average	100.0
First half 1920	116.8
Total employment shrinkage, 1920–1928	32.6

And this means, according to the computations of the United States Labor Department, a shrinkage in number of employed wage earners of over 8,000,000.

I said, Mr. President, in the beginning that I used the report of the Secretary of Labor and the reports of his department back to 1920 to carry out his report to its ultimate conclusion, in order that we might have something upon which to base an estimate of the unemployment in the United States at the present time. I am not this afternoon going to take up the time of the Senate by going into any of the causes or the reasons for this vast amount of unemployment of people in the United States as revealed by the statistics and reports of the Depart-

ment of Labor itself; undoubtedly there are many reasons; but I want to call one reason to the attention of the Senate, so that those who have time and are interested may investigate. That reason is the tremendous exportation of capital from the United States during the last six or seven years to build up the industries of Europe. Of course, labor-saving machinery has had something to do with it.

Mr. SIMMONS. Mr. President——

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Minnesota yield to the Senator from North Carolina?

Mr. SHIPSTEAD. I yield.

Mr. SIMMONS. I do not know that I understood the Senator's final estimate of the unemployed existing at this particular time. Did he make any estimate?

Mr. SHIPSTEAD. I did not make an estimate. I have only taken the reports of the Department of Labor from 1920 down to the present time, showing the gradual progressive decrease in the number of persons employed in the United States from year to year.

Mr. SIMMONS. The Senator from Minnesota, then, has expressed no opinion as to what is the present number of the unemployed in this country?

Mr. SHIPSTEAD. On the face of facts presented by the Department of Labor the result of this computation leads to the belief that there are in the neighborhood of about 8,000,000 persons unemployed in the United States at the present time.

Mr. SIMMONS. At this time?

Mr. SHIPSTEAD. At this time, if the figures, statistics, and reports of the Department of Labor are worth anything, and I have no reason to doubt their accuracy.

Mr. SIMMONS. The Senator is aware of the fact that the senior Senator from Utah [Mr. SMOOT], quoting, I believe, from the Department of Labor a few days ago, estimated that there are only about 1,800,000 unemployed at that time, while I estimated that at least 4,000,000 were unemployed. The other day a gentleman read to me—for I myself do not read much—from a magazine, the name of which I do not quite remember, but I think it was the Nation, issued one day last week, in which an estimate of something over 6,000,000 was made as the number of unemployed at the present time. I will see if I can find that article. I have had a telephone message sent to the gentleman who presented it to me with a view of finding the article.

Mr. WAGNER. The name of the magazine to which the Senator from North Carolina refers is, I think, the New Republic.

Mr. SIMMONS. Probably it was the New Republic; I do not remember exactly what publication it was; but it was some publication brought to my office by a gentleman who read to me a statement from it with reference to unemployment, estimating the number of unemployed to be something over 6,000,000.

Mr. SMOOT. Let me read to the Senator from North Carolina just what the Secretary of Labor stated in his report.

Mr. SIMMONS. Is the Senator from Utah referring to a statement different from the one that he read the other day?

Mr. SMOOT. The figures in the report I put in the RECORD the other day.

Mr. SIMMONS. Is this something additional?

Mr. SMOOT. The statement I made was based upon report of the Department of Labor. This is what the Secretary stated in his letter of transmittal.

Mr. SIMMONS. Pardon me. Before the Senator reads that statement I wish to ask, does the Secretary of Labor state something different from what he stated in his report?

Mr. SMOOT. No; I do not think so. This is from the letter transmitting the report:

> The census of 1920 showed 42,000,000 of our people are wage earners or otherwise gainfully employed. Of these, 23,348,692 have been found to be at present employed on either a wage or a salary basis. By the most careful computation methods available, Commissioner Stewart finds that the actual number now out of work is 1,874,050.

That is what the Secretary of Labor said.

Mr. CURTIS. Mr. President, I do not want to interrupt the debate, but to-day is Calendar Monday, and we have not as yet concluded the order of petitions and memorials. I hope Senators will let us finish the morning business.

Mr. SIMMONS. But this is a very important matter that we are talking about right now.

Mr. CURTIS. I said I would not interrupt the discussion, but I do not want it to extend any longer than necessary.

Mr. WAGNER. There is nothing more important.

Mr. SIMMONS. As the Senator from New York suggests there is absolutely nothing more important than to ascertain what is the extent of unemployment in this country.

Mr. CURTIS. We could talk here a week and not settle that question.

Mr. SIMMONS. But we can discuss it, Mr. President. We could not discuss anything more vital.

Mr. CURTIS. I demand the regular order.

Mr. SIMMONS. What is the regular order?

The PRESIDING OFFICER. The regular order is the presentation of petitions and memorials.

Mr. SIMMONS. I supposed that we had concluded that order.

The PRESIDING OFFICER. We have not as yet concluded the morning business. The presentation of petitions and memorials is in order.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from the Chamber of Commerce of Pittsburgh, Pa., praying for the enactment of legislation providing for a 1-cent rate on third-class mail matter, which was referred to the Committee on Post Offices and Post Roads.

Mr. WALSH of Massachusetts presented petitions of citizens of Holyoke and Woodville, and sundry other citizens, all in the State of Massachusetts, praying for the prompt passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

Mr. BRUCE presented a petition of sundry citizens of Baltimore, Md., praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which was referred to the Committee on Pensions.

He also presented a petition of sundry citizens of Baltimore, Md., praying for the passage of legislation to curb alleged unfair and destructive trade practices of chain stores, stating that by selling highly advertised items below cost they create an impression of cheapness and prices which undersell their neighbors, etc., which was referred to the Committee on the Judiciary.

Mr. SIMMONS presented a memorial numerously signed by sundry citizens of Winston-Salem, N. C., remonstrating against the passage of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. COPELAND presented petitions of sundry citizens of Rochester and New York City, all in the State of New York, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

Mr. FRAZIER presented the petition of the Farmers Educational and Cooperative Union of McHenry County, signed by O. T. Haakenson, of Barton, and 92 other citizens, in the State of North Dakota, praying for the passage of the so-called McNary-Haugen farm relief bill with the equalization fee provision retained therein, which was ordered to lie on the table.

Mr. McLEAN presented a petition of sundry citizens of Winsted, Conn., praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which was referred to the Committee on Pensions.

He also presented letters and papers in the nature of memorials from the Connecticut Chautauqua (Inc.), of Bristol; the Woman's Christian Temperance Unions of Waterbury, Thomaston, Norwich, Danielson, and Gilford; and Everyman's Bible Class, of Norwalk, all in the State of Connecticut, remonstrating against adoption of the proposed naval building program, which were referred to the Committee on Naval Affairs.

He also presented letters and papers in the nature of petitions from the Connecticut Chautauqua (Inc.), of Bristol, and the Woman's Christian Temperance Unions of Waterbury and Danielson, in the State of Connecticut, praying for the passage of the so-called Burton resolution, being House Joint Resolution 183, prohibiting the exportation of arms, ammunitions, and other implements of war to any nation engaged in war, etc., which were referred to the Committee on Foreign Relations.

He also presented letters and papers in the nature of petitions from the Woman's Christian Temperance Union of New Milford; the Young Men's Christian Association of Hartford; the American Association of University Women of New Haven; the Connecticut Chautauqua (Inc.), of Bristol; the Society of New Thought and the Seminary Foundation, both of Hartford; the Travelers' Club, of Danbury; the School Committee of Westport; the National Council of Jewish Women of Hartford; the Quinnatissette Grange, of Thompson, and sundry citizens of Bridgeport, Cromwell, and Milford, all in the State of Connecticut, praying for the passage of the so-called Gillett resolution,

requesting the President to consider further exchange of views with the signatory nations regarding reservations of the United States relative to its adherence to the Permanent Court of International Justice, which were referred to the Committee on Foreign Relations.

SALARY OF MARSHAL OF SUPREME COURT

Mr. BLAINE submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8725) entitled "An act to amend section 224 of the Judicial Code," having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the amount proposed to be inserted by said amendment, insert "$5,500"; and the Senate agree to the same.

JOHN J. BLAINE,
CHARLES W. WATERMAN,
H. D. STEPHENS,
Managers on the part of the Senate.

GEO. S. GRAHAM,
L. C. DYER,
HATTON W. SUMNERS,
Managers on the part of the House.

Mr. BLAINE. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the report?

Mr. CURTIS. Let me ask, will it lead to debate?

Mr. BLAINE. I presume it will not.

Mr. SMOOT. Will the Senator explain what the effect of the adoption of the conference report will be?

Mr. BLAINE. Mr. President, the bill which has been in conference has reference to the salary of the marshal of the United States Supreme Court. His salary at present is $4,500, having been fixed at that rate, as I recall, in 1912 or 1914. The House bill proposed to amend the law by providing for a salary of $6,000 per annum. The Senate amended the House bill by striking out $6,000 and inserting $5,000, and also by striking out the last clause in the House bill relating to the power of the Chief Justice to fix the salaries of subordinates of the marshal in accordance with salaries paid to employees occupying similar positions in the House of Representatives. As I have said, the Senate struck out that provision in the House bill for the reason that it would be utterly impossible to classify the subordinates in the office of the marshal of the United States Supreme Court on the same basis as employees of the House of Representatives. The Chief Justice could make an attempt to comply with the law as nearly as he could, but the Senate Committee on the Judiciary felt that the Chief Justice ought not to be placed in a position where he must, in fixing those salaries, in the very nature of things, disregard such a provision. So the Senate struck that provision out. The House conferees concurred in that action; and on the salary proposition the conferees fixed the salary at $5,500 per annum instead of $4,500 per annum, which is the present salary.

Mr. SMOOT. All the bill will do, then, if it shall become a law, will be to increase the salary of the marshal of the United States Supreme Court from $4,500 to $5,500?

Mr. BLAINE. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

REPORTS OF COMMITTEES

Mr. NORBECK, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 333) authorizing the sale of certain lands near Seward, Alaska, for use in connection with the Jesse Lee Home, reported it without amendment and submitted a report (No. 655) thereon.

He also, from the Committee on Banking and Currency, to which was referred the bill (S. 3685) to amend the War Finance Corporation act, approved April 5, 1918, as amended, reported it without amendment and submitted a report (No. 656) thereon.

Mr. ODDIE, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3375. An act to amend sections 23 and 24 of the general leasing act, approved February 25, 1920 (41 Stat. L. 437), (Rept. No. 657); and

H. R. 465. An act to authorize the city of Oklahoma City, Okla., to sell certain public squares situated therein (Rept. No. 658).

Mr. NYE, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 5545. An act granting certain lands to the State of California (Rept. No. 659);

H. R. 6993. An act authorizing the Secretary of the Interior to sell and patent certain lands in Louisiana and Mississippi (Rept. No. 660);

H. R. 9118. An act for the relief of William C. Braasch (Rept. No. 661); and

H. R. 10483. An act to revise the boundary of a portion of the Hawaii National Park on the island of Hawaii in the Territory of Hawaii (Rept. No. 662).

Mr. BAYARD, from the Committee on Claims, to which was referred the bill (S. 1648) for the relief of Oliver C. Macey and Marguerite Macey, reported it without amendment and submitted a report (No. 663) thereon.

He also, from the same committee, to which was referred the bill (S. 1499) for the relief of Harry C. Saxton, reported it with an amendment and submitted a report (No. 664) thereon.

Mr. BLACK, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 5075. An act for the relief of W. J. Bryson (Rept. No. 665); and

H. R. 5923. An act for the relief of Sanitarium Co., of Portland Oreg. (Rept. No. 666).

Mr. STEPHENS, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1486. An act for the relief of the owners of the schooner *Addison E. Bullard* (Rept. No. 667); and

H. R. 9112. An act for the relief of William Roderick Dorsey and other officers of the Foreign Service of the United States, who, while serving abroad, suffered by theft, robbery, fire, embezzlement, or bank failures losses of official funds (Rept. No. 668).

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 9829) to extend the provisions of the act of Congress approved March 20, 1922, entitled "An act to consolidate national forest lands," reported it with amendment and submitted a report (No. 669) thereon.

Mr. SHIPSTEAD, from the Committee on Foreign Relations, to which was referred the bill (H. R. 10884) to amend the act entitled "An act to carry into effect provisions of the convention between the United States and Great Britain to regulate the level of Lake of the Woods concluded on the 24th day of February, 1925," approved May 22, 1926, reported it without amendment and submitted a report (No. 670) thereon.

Mr. COUZENS, from the Committee on Education and Labor, to which was referred the joint resolution (S. J. Res. 89) designating May 1 as child health day, reported it with amendment and submitted a report (No. 671) thereon.

He also, from the same committee, to which was referred the bill (H. R. 279) to amend section 8 of an act entitled "An act to incorporate the Howard University in the District of Columbia," approved March 2, 1867, reported it without amendment and submitted a report (No. 672) thereon.

Mr. McNARY, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 10563) extending the provisions of the recreational act of June 14, 1926 (44 Stat. L. 741), to former Oregon & California Railroad and Coos Bay Wagon Road grant lands in the State of Oregon, reported it without amendment and submitted a report (No. 673) thereon.

Mr. GOODING, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 142. An act to add certain lands to the Idaho National Forest, Idaho (Rept. No. 674);

H. R. 144. An act to add certain lands to the Challis and Sawtooth National Forests, Idaho (Rept. No. 675); and

H. R. 6056. An act to provide for addition of certain land to the Challis National Forest (Rept. No. 676).

Mr. WALSH of Montana, from the Committee on Public Lands and Surveys, to which was referred the bill (H. R. 4125) for the relief of Holger M. Trandum, reported it without amendment and submitted a report (No. 677) thereon.

Mr. BORAH, from the Committee on the Judiciary, to which was referred the bill (H. R. 343) to amend section 128, subdivision (b), paragraph 1, of the Judicial Code as amended February 13, 1925, relating to appeals from district courts, reported it without amendment and submitted a report (No. 678) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 764) for the relief of J. F. Nichols, reported it with amendments and submitted a report (No. 679) thereon.

He also, from the same committee, to which was referred the bill (S. 2697) for the relief of Hattie M. McMahon, reported it without amendment and submitted a report (No. 680) thereon.

Mr. DALE. From the Committee on Civil Service I report back favorably and unanimously, with amendments, the bill (S. 1727) to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendment thereof, approved July 3, 1926, and I submit a report (No. 681) thereon.

ENROLLED BILL AND JOINT RESOLUTIONS PRESENTED

Mr. GREENE, from the Committee on Enrolled Bills, reported that on March 31, 1928, that committee presented to the President of the United States the following enrolled bill and joint resolutions:

S. 716. An act to exempt American Indians born in Canada from the operation of the immigration act of 1924;

S. J. Res. 30. Joint resolution to provide for the expenses of participation by the United States in the Second Pan American Conference on Highways at Rio de Janeiro; and

S. J. Res. 113. Joint resolution to amend subdivisions (b) and (e) of section 11 of the immigration act of 1924, as amended.

EXPENSES OF COMMITTEE VISITING STONE MOUNTAIN UNVEILING

Mr. FESS. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably, without amendment, Senate Concurrent Resolution 13 and ask unanimous consent for its immediate consideration. I call the attention of the Senator from Utah [Mr. SMOOT] to the concurrent resolution.

The PRESIDING OFFICER (Mr. JONES in the chair). Is there objection to the immediate consideration of the resolution?

The concurrent resolution (S. Con. Res. 13) submitted by Mr. SMOOT March 20, 1928, was considered by unanimous consent and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That all necessary expenses incurred by the committee of Congress consisting of 5 Senators and 10 Members of the House appointed by the Vice President and the Speaker to represent the Congress of the United States at the exercises at Atlanta, Ga., on April 9, 1928, incident to the unveiling of a portion of Stone Mountain by the Stone Mountain Confederate Monumental Association, be, and they are hereby, authorized to be paid one half out of the contingent fund of the House of Representatives and the remaining half out of the contingent fund of the Senate.

IRON GATES IN WEST EXECUTIVE AVENUE, DISTRICT OF COLUMBIA

Mr. FESS. Mr. President, I ask the attention of the Senate for just a moment to a request which I desire to submit. Our late lamented colleague, Senator Willis, had a bill on the calendar in which he was very much interested. I call the attention of the Senator from Washington [Mr. JONES] to it. I should like to have that bill, being House bill 359, considered at this time. I am sure it will lead to no debate.

Mr. KING. Let the bill be reported.

The PRESIDING OFFICER (Mr. MCNARY in the chair). The Senator from Ohio asks unanimous consent for the immediate consideration of a bill, the title of which will be stated.

The LEGISLATIVE CLERK. A bill (H. R. 359) authorizing the presentation of the iron gates in West Executive Avenue between the grounds of the State, War, and Navy Building and the White House to the Ohio State Archeological and Historical Society for the memorial gateways into the Spiegel Grove State Park, which was reported from the Committee on Public Buildings and Grounds with an amendment.

Mr. JONES. Mr. President, as I understand the Senator, the bill simply disposes of the gates themselves without interfering with the piers.

Mr. FESS. That is correct.

Mr. JONES. I have no objection.

Mr. KING. Mr. President, may I inquire of the Senator from Washington whether the District Committee—who have had that matter before them for a number of years, as I recall—have concurred in the proposition that those gates might be removed?

Mr. JONES. I do not remember that the matter has ever come before the District of Columbia Committee.

Mr. KING. It has been before the Senate, and my recollection is that it was under measures that were reported by the District Committee.

Mr. JONES. I do not think this bill has ever gone before the District Committee; at least, I do not remember it. I know that it has been before the Senate, and the bill was amended during the last Congress upon my objection. I insisted that whatever action was taken should be confined simply to the iron gates themselves without interfering with the pillars. I have no objection to this bill, because I understand that that is what this bill does.

Mr. FLETCHER. Mr. President, has it been found that there is no need at all for the gates?

Mr. FESS. At the last session Congress passed an authorization to take down the gates. That was authorized. No provision was made for the disposition of the gates. It was just a matter of junking them. It was the request of President Harding in his lifetime that these gates be sent to Spiegel Grove, the home of General Hayes, who was president of the Archeological and Historical Association at the time of his death. This home has been gived to the State, or to the Archeological Association, and these gates are to be placed at one of the entrances of the park. All that this bill is for is not to take down the gates—that has been authorized—but to assign them to the Spiegel State Park, without expense to the Government.

Mr. FLETCHER. They really are not used now?

Mr. FESS. No; not at all.

Mr. KING. Mr. President, I was not aware of the fact that the removal of the gates had been authorized.

Mr. FESS. Yes; it has been authorized.

Mr. KING. I took a position heretofore in opposition to it. I think those gates ought to be preserved there. Aside from any historic value they may have, I think the gates are necessary.

Mr. FESS. Taking them down has already been authorized in a former Congress, but no disposition was made of them. This bill simply authorizes the superintendent of Public Buildings and Public Parks to assign them to the Spiegel Grove State Park, without expense, of course, to the Government. There is an amendment to that effect.

Mr. KING. Mr. President, I shall not object to the consideration of the bill; but if this were a proposition de novo for the purpose of taking down the gates, I should oppose it, because I think it is a mistake, and I think some persons will live to regret their action in permitting those gates to be taken down and removed from the city.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Public Buildings and Grounds with an amendment, on page 2, line 1, after the words "White House," to insert "*Provided*, That no expense shall be incurred by the United States," so as to make the bill read:

Be it enacted, etc, That the Director of Public Buildings and Public Parks of the National Capital is hereby authorized and directed to deliver to the Spiegel Grove State Park, Fremont, Ohio, the iron gates now hanging in West Executive Avenue between the grounds of the State, War, and Navy Building and the White House: *Provided*, That no expense shall be incurred by the United States.

The amendment was agreed to.

The bill was reported to the Senate as amended and the amendment was concurred in.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WAGNER:

A bill (S. 3850) authorizing the Secretary of War to award the Congressional Medal of Honor to William Heineman; to the Committee on Military Affairs.

By Mr. SACKETT (by request):

A bill (S. 3851) for the relief of James E. King and Nannie L. King; to the Committee on Claims.

By Mr. TYDINGS:

A bill (S. 3852) for the relief of William Guy Townsend; to the Committee on Naval Affairs.

By Mr. MOSES:

A bill (S. 3853) granting a pension to Mary Greenwood (with accompanying papers); to the Committee on Pensions.

By Mr. DALE:
A bill (S. 3854) granting a pension to Hattie Spenard (with accompanying papers); to the Committee on Pensions.
By Mr. METCALF:
A bill (S. 3855) granting an increase of pension to Mary L. Gilligan (with accompanying papers); to the Committee on Pensions.
By Mr. HALE:
A bill (S. 3856) granting a pension to Mary H. Whitney (with accompanying papers);
A bill (S. 3857) granting an increase of pension to Leonice T. Holmes (with accompanying papers); and
A bill (S. 3858) granting an increase of pension to Helen M. French (with accompanying papers); to the Committee on Pensions.
By Mr. THOMAS:
A bill (S. 3859) granting a pension to Greta J. Lundstrom; and
A bill (S. 3860) granting an increase of pension to Amanda Dickerson; to the Committee on Pensions.
By Mr. McKELLAR:
A bill (S. 3861) granting a pension to Clarence Queen; to the Committee on Pensions.
A bill (S. 3862) authorizing J. T. Burnett, his heirs, legal representatives, and assigns to construct, maintain, and operate a bridge across the Mississippi River; to the Committee on Commerce.
By Mr. BLEASE:
A bill (S. 3863) for the relief of the Ladies Ursuline Community of Columbia at Columbia, S. C.; to the Committee on Claims.
By Mr. MAYFIELD:
A bill (S. 3864) to create a new division of the District Court of the United States for the Northern District of Texas; to the Committee on the Judiciary.
By Mr. BRUCE:
A bill (S. 3865) for the relief of the Sanford & Brooks Co. (Inc.) (with an accompanying paper); to the Committee on Claims.
By Mr. BLAINE:
A bill (S. 3866) authorizing the appointment of H. P. Milligan as a major of Infantry in the Regular Army; to the Committee on Military Affairs.
By Mr. PINE:
A bill (S. 3867) to extend certain existing leases upon the coal and asphalt deposits in the Choctaw and Chickasaw Nations to September 25, 1932, and permit extension of time to complete payments on coal purchases; and
A bill (S. 3868) authorizing an advancement of certain funds standing to the credit of the Creek Nation in the Treasury of the United States to be paid to one of the attorneys for the Creek Nation, and for other purposes; to the Committee on Indian Affairs.
By Mr. McNARY:
A bill (S. 3869) for the relief of Warren Construction Co.; to the Committee on Claims.
By Mr. FLETCHER:
A bill (S. 3870) to amend an act entitled "An act in reference to writs of error," approved January 31, 1928; to the Committee on the Judiciary.
By Mr. COPELAND:
A bill (S. 3872) for the relief of Edward and John Burke (Ltd.); to the Committee on Claims.
By Mr. WALSH of Montana:
A bill (S. 3874) authorizing appropriation of funds for construction of a highway from Red Lodge, Mont., to the boundary of the Yellowstone National Park near Cooke City, Mont.; to the Committee on Post Offices and Post Roads.
By Mr. SHEPPARD:
A bill (S. 3875) providing a salary for the referee in bankruptcy for the Pecos division, western judicial district of Texas; to the Committee on the Judiciary.
By Mr. FLETCHER:
A bill (S. 3877) granting an increase of pension to Mary B. Preston; to the Committee on Pensions.

AMENDMENT OF COTTON FUTURES ACT

Mr. RANSDELL. Mr. President, I introduce a bill in the nature of an amendment to the cotton futures act, which will define and prohibit manipulation, prevent bucket shops, and also place the supervision of all contract markets under a joint commission composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General of the United States.

The cotton futures act, popularly known as the Smith-Lever Act, was passed during the first administration of President Wilson, and corrected the more flagrant abuses from which the American cotton industry suffered up to that time. Several minor changes, principally affecting grades, have been made in the text from time to time, but to all intents and purposes the law is the same as when originally enacted, and it does not meet some of the abuses that have developed in the trade since that date.

The grain futures law, enacted by Congress about eight years after the passage of the Smith-Lever Act, was a decided step in the direction of Federal supervision and control of exchanges dealing in futures, and the amendment which I now propose would enlarge the scope of the cotton futures act by incorporating those regulatory features of the grain law which have met the general approval of the farmers and country merchants.

The prevention of corners and manipulation of prices of cotton is the principal thing aimed at in this amendment, and the hearings conducted by the Senate Committee on Agriculture in recent years have clearly shown that there is a genuine demand among all branches of the cotton trade for legislation along this line, and that the better element of the exchanges favor it.

I have been careful in framing this amendment to preserve the identity of the existing cotton futures law, the Smith-Lever Act, and believe that if it is enacted this bill will correct the abuses that have developed in recent years in trading on cotton-futures exchanges, and meet the wishes of those members of the cotton industry, including the farmers, who are demanding additional legislation of a constructive character along these lines.

The bill (S. 3871) to amend the act of August 11, 1916, known as the United States cotton futures act, as amended, by investing transactions in cotton for future delivery with a public interest, providing a commission to supervise cotton-futures exchanges, defining and prohibiting manipulation, and for other purposes, was read twice by its title.

Mr. RANSDELL. I move that the bill be referred to the Committee on Agriculture and Forestry.

The motion was agreed to.

WORLD WAR VETERANS' RELIEF ACT

Mr. WALSH of Montana introduced a bill (S. 3873) to amend chapter 10, title 38, of the Code of Laws of the United States of America, entitled "World War veterans' relief act," which was read twice by its title.

Mr. WALSH of Montana. Mr. President, I am a little uncertain whether the bill ought to go to the Committee on the Judiciary or the Committee on Finance. I ask the attention of the chairman of the Committee on Finance. It relates to proceedings to enforce the claims of veterans under the veterans' relief act.

Section 445 of chapter 10, title 38, the United States Code provides:

> In the event of disagreement as to claim under a contract of insurance between the bureau and any person or persons claiming thereunder an action on the claim may be brought against the United States either in the Supreme Court of the District of Columbia or in the District Court of the United States in and for the district in which such persons, or any one of them resides, and jurisdiction is conferred upon such courts to hear and determine all such controversies.

A claim was presented and held before the bureau for some considerable time, and eventually was rejected; and suit was brought under the provisions of this section. The Government of the United States pleaded the statute of limitations of the State of Arizona against the claim. The plea was overruled by the district court. The cause went to the Circuit Court of Appeals for the Ninth Circuit, by which court the judgment was reversed, and it was held that the statute of limitations of the State of Arizona was applicable and would prevent any recovery under the act. Worse than that, it was held that the statute of limitations began to run not from the time when the claim was rejected by the bureau but from the time when the claim accrued, and that period had elapsed.

The bill provides that no statute of limitations of any State shall apply to actions brought under this act, but that the statute of limitations throughout the Union shall be six years from the time of the disagreement by the bureau. It seems to me quite appropriate that the bill should go to the Committee on the Judiciary; but all of these measures have been treated by the Committee on Finance, and I am perfectly willing to defer to the judgment of the chairman of that committee.

Mr. SMOOT. Mr. President, there is a special subcommittee of the Finance Committee to handle all legislation affecting the Veterans' Bureau, but it seems to me the proposed amendment might just as well go to the Judiciary Committee as to the Finance Committee. If the Senator desires the bill to go

to the Judiciary Committee, I shall not object at all, and if it goes to the Finance Committee we will give it consideration.

Mr. WALSH of Montana. I did not know there was a special subcommittee dealing with that particular matter, but if that is the case I will ask that the bill be referred to the Finance Committee.

Mr. SMOOT. Just as the Senator prefers.

Mr. JONES. I will say to the Senator that I introduced a bill along the same lines a few days ago, and that bill went to the Finance Committee.

The PRESIDING OFFICER. The bill will be referred to the Committee on Finance.

Mr. WALSH of Montana. I ask that the opinion of the circuit court of appeals to which I have made reference be incorporated in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

United States Circuit Court of Appeals for the Ninth Circuit

United States of America, plaintiff in error, *v.* Sidney B. Sligh, defendant in error. No. 5260

Upon writ of error to the United States District Court of the District of Arizona

Before Gilbert, Rudkin, and Dietrich, circuit judges

Rudkin, circuit judge: This was an action on a war-risk insurance policy in the sum of $10,000, payable in case of death or total permanent disability in monthly installments of $57.50 each. The monthly installments accruing on and after April 26, 1920, have already been paid, so that the recovery here sought is for the monthly installments accruing between December 4, 1918, the date of alleged total permanent disability, and April 26, 1920. One of the defenses interposed was the statute of limitations of the State of Arizona, which provides that there shall be commenced and prosecuted within four years after the cause of action shall have accrued, and not thereafter, actions upon a judgment or decree of any court rendered without the State or upon an instrument in writing executed without the State. (Ariz. Rev. Stat. par. 713.) The court below found specially that the policy was not made or executed in the State of Arizona; that the present action was not commenced until March 9, 1925; that the defendant had pleaded the statute of limitations of the State; and that more than four years had elapsed after the accrual of the cause of action set forth in the complaint and before the commencement of the action. Notwithstanding this finding, judgment was given for the plaintiff. On this record two questions are presented for consideration: First, is the statute of limitations of the State of Arizona applicable? and second, if applicable, is the cause of action barred?

The parties concede that there is no Federal statute of limitations applicable to this class of cases, and if there is any limitation at all it must be therefore found in the laws of the forum. The rule, of course, is well settled that statutes of limitations do not run against the Government unless expressly named therein, but it seems to be equally well settled that the Government, when sued with its consent, may claim the benefit of such statutes, whether expressly named therein or not. "Statutes of limitations may, according to the general rule, be pleaded for the benefit of the State or Government, when sued with its consent in its own courts, although it is not expressly named in the statutes, and although, where it is a plaintiff, its prerogative of sovereignty protects it from the use of such a plea against it." (37 C. J. 714; Stanley *v.* Schwalby, 147 U. S. 508; State *v.* Ralston, 105 N. E. 54; McRae *v.* Auditor Gen., 109, N. W. 1122; Cowles *v.* State, 20 S. E. 384; Baxter *v.* State Wis. 454.)

In the Schwalby case (19 S. W. 264) the Supreme Court of Texas denied the benefit of the State statute of limitations to the United States, but in Stanley *v.* Schwalby, supra, the judgment was reversed on writ of error, the court saying:

"It is obvious that the ground of exemption of governments from statutory bars or the consequences of laches has no existence in the instance of individuals, and we think the proposition can not be maintained that because a government is not bound by statutes of limitation, therefore the citizen can not be bound as between himself and the Government." (See also Porto Rico *v.* Emanuel, 235 U. S. 251.)

The statute of limitations has long since ceased to be looked upon as an unconscionable defense. A century ago Mr. Justice Story, said:

"It has often been matter of regret in modern times that, in the construction of the statute of limitations, the decisions had not proceeded upon principles better adapted to carry into effect the real objects of the statute; that instead of being viewed in an unfavorable light as an unjust and discreditable defense it had received such support as would have made it, what it was intended to be, emphatically a statute of repose. It is a wise and beneficial law, not designed merely to raise a presumption of payment of a just debt from lapse of time but to afford security against stale demands after the true state of the transaction may have been forgotten, or be incapable of explanation by reason of the death or removal of witnesses. It was a manifest tendency to produce speedy settlements of accounts and to suppress those perjuries which may rise up at a distance of time and baffle every honest effort to counteract or overcome them." (Bell *v.* Morrison, 1 Pet. 350–358.)

By the legislation under which the policy in question was issued the Government authorized insurance running into untold millions, and we find nothing in that legislation to justify the conclusion that in all litigation arising out of the insurance thus authorized Congress intended to deny to the Government a defense open to every other debtor and to every wrongdoer. We are of the opinion, therefore, that the statute of limitations of the State of Arizona is applicable in the absence of some controlling Federal statute.

The next question is, Is the cause of action barred by that statute? The act authorizing the insurance, and its several amendments, provides that in the event of disagreement as to a claim under the contract of insurance between the bureau and any beneficiary or beneficiaries thereunder, an action on the claim may be brought against the United States either in the Supreme Court of the District of Columbia or a district court of the United States in and for the district in which such beneficiaries, or any of them, reside. (40 Stat. 410; 43 Stat. 612.) The defendant in error contends that the cause of action did not accrue because of this provision until there was a disagreement between the bureau and the beneficiary, while the plaintiff in error contends that it was the duty of the beneficiary to present his claim in order that a disagreement might be brought about, and that if he failed to do so within the period of the statute of limitations his right of action is barred. This latter contention, we think, must be sustained. The cause of action arises out of the contract of insurance and not out of the disagreement.

"Where plaintiff's right of action depends upon some act to be performed by him preliminary to commencing suit, and he is under no restraint or disability in the performance of such act, he can not suspend indefinitely the running of the statute of limitations by delaying the performance of the preliminary act; for it is not a policy of law to put it within the power of a party to toll the statute of limitations. (37 C. J. 953.)

"But when some preliminary action is an essential prerequisite to the bringing of a suit, and such action rests with the claimant, he can not defeat the operation of the statute of limitations by failure to act or by long and unnecessary delay in taking the antecedent step. It is not the policy of the law to permit a party against whom the statute runs to defeat its operation by neglecting to do an act which devolves upon him in order to perfect his remedy against another. If this were so, a party would have it in his own power to defeat the purpose of the statute in all cases of this character." (17 R. C. L. 756.)

The rule thus stated is supported by the great weight of authority, and we find nothing to the contrary in Ainsworth *v.* Lipshon (196 Pac. 1028), decided by the Supreme Court of Arizona. The rule has also the approval of the Supreme Court. This was the basis of the decision of the Supreme Court of Kansas in Bauserman *v.* Charlotte (26 Pac. 1051), and in referring to that decision in Bauserman *v.* Blunt (147 U. S. 647) the court said: "That decision was evidently deliberately considered and carefully stated, with the purpose of finally putting at rest a question on which some doubt had existed; it is supported by satisfactory reasons, and it is in accord with well-settled principles; and there is no previous adjudication of that court to the contrary." In the same case the Supreme Court further said: "In the absence of express statute or controlling adjudication to the contrary, two general rules are well settled. First, when the statute of limitations has once begun to run, its operation is not suspended by a subsequent disability to sue. Second, the bar of the statute can not be postponed by the failure of the creditor to avail himself of any means within his power to prosecute or to preserve his claim."

In the present case there could, in the nature of things, be no disagreement until the beneficiary prosecuted his claim to the bureau, and if he can withhold his claim indefinitely and at pleasure he can thus deprive the Government of the benefit of the statute of limitations.

There is much force in the contention that the defendant in error was not totally and permanently disabled during the period for which a recovery is sought, but that question we need not consider.

The judgment of the court below is reversed and the cause is remanded for further proceedings not inconsistent with this opinion.

Filed March 5, 1928.

By PAUL P. O'BRIEN, *Deputy Clerk.*

Indorsed: Opinion.

F. D. MONORTON, *Clerk.*

COLORADO RIVER BASIN

Mr. KING. Mr. President, I introduce a bill asking for the appointment by the President of a commission to make a complete survey and investigation of the potentialities of the Colorado River. I think we ought to have a dispassionate and an exhaustive report about the Colorado River before we seek to appropriate $125,000,000, or any other amount. I therefore introduce this bill, authorizing the President to name a commis-

sion of he character indicated. I shall not ask for its consideration now, and I shall not ask that it be referred, but ask to have it lie on the table.

The bill (S. 3876) to authorize the President to investigate the potential utilization of the water resources of the Colorado River Basin was read twice by its title and ordered to lie on the table.

FORTY-FOUR-HOUR WEEK FOR GOVERNMENT PRINTING OFFICE EMPLOYEES

On motion of Mr. SHIPSTEAD, the Committee on Education and Labor was discharged from the further consideration of the bill (S. 2440) to provide that four hours shall constitute a day's work on Saturdays throughout the year for all employees in the Government Printing Office, and it was referred to the Committee on Civil Service.

SECTION 3207 OF THE REVISED STATUTES

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (S. 3487) to amend section 3207 of the Revised Statutes, as amended by section 1030 of the act approved June 2, 1924, which was referred to the Committee on Finance and ordered to be printed.

CLAIMS OF SETTLERS, LAKE COUNTY, FLA.

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H. R. 5695) authorizing the Secretary of the Interior to equitably adjust disputes and claims of settlers and others against the United States and between each other arising from incomplete or faulty surveys in township 19 south, range 26 east, and in sections 7, 8, 17, 18, 19, 30, and 31, township 19 south, range 27 east, Tallahassee meridian, Lake County, in the State of Florida, which was referred to the Committee on Public Lands and Surveys and ordered to be printed.

HALF HOLIDAYS FOR CERTAIN GOVERNMENT EMPLOYEES

Mr. McKELLAR submitted an amendment intended to be proposed by him to the bill (S. 3116) providing for half holidays for certain Government employees, which was ordered to lie on the table and to be printed.

OKFUSKEE COUNTY, OKLA.

Mr. PINE submitted an amendment intended to be proposed by him to the bill (H. R. 7011) to detach Okfuskee County from the northern judicial district of the State of Oklahoma and attach the same to the eastern judicial district of the said State, which was ordered to lie on the table and to be printed.

CLAIM OF MARY S. HOWARD ET AL.

Mr. BRUCE submitted an amendment intended to be proposed by him to the bill (S. 3331) for the relief of Mary S. Howard, Gertrude M. Caton, Nellie B. Reed, Gertrude Pierce, Katie Pensel, Josephine Pryor, Mary L. McCormick, Mrs. James Blanchfield, Sadie T. Nicoll, Katie Lloyd, Mrs. Benjamin Warner, Eva K. Pensel, Margaret Y. Kirk, C. Albert George, Earl Wroldsen, Benjamin Carpenter, Nathan Benson, Paul Kirk, Townsend Walters, George Freet, James B. Jefferson, Frank Ellison, and the Bethel Cemetery Co., which, with the accompanying paper, was referred to the Committee on Claims and ordered to be printed.

PRESIDENTIAL APPROVALS

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed the following acts and joint resolution:

On March 29, 1928:

S. 3007. An act to authorize the Secretary of the Interior to issue a patent to the Bureau of Catholic Indian Missions for a certain tract of land on the Mescalero Reservation, N. Mex.;

S. 3343. An act for the relief of the Arapahoe and Cheyenne Indians, and for other purposes; and

S. 3355. An act to authorize the cancellation of the balance due on a reimbursable agreement for the sale of cattle to certain Rosebud Indians.

On March 30, 1928:

S. 1279. An act to authorize the Commissioners of the District of Columbia to compromise and settle certain suits at law resulting from the subsidence of First Street east, in the District of Columbia, occasioned by the construction of a railroad tunnel under said street; and

S. 3387. An act to authorize the Secretary of War to lend War Department equipment for use at the Tenth National Convention of the American Legion.

On March 31, 1928:

S. J. Res. 113. Joint resolution to amend subdivisions (b) and (e) of section 11 of the immigration act of 1924, as amended.

FLOOD CONTROL

Mr. THOMAS. Mr. President, last week, in the consideration of the flood control bill, I made some suggestions to the effect that the bill did not offer very much hope for the tributary States. I desire at this time to submit an editorial from the Daily Oklahoman, printed in my State, upon the subject matter, and ask that it be read.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the editorial will be read.

The Chief Clerk read as follows:

NOTHING BUT A PROMISE

In the Mississippi flood control bill passed by the Senate Wednesday there is nothing in the world for Oklahoma but future promises and high taxation. The State will help pay the cost of lower Mississippi flood prevention. It gets nothing in the way of flood control and flood prevention for itself. It gets a mere paper promise that at some uncertain day of the uncertain future some Washington bureau will make a survey of the flood-imperiled lands of this State.

The lower Mississippi will gain protection in the immediate future. The Senate bill appropriates money to curb the mighty river from Cairo to the sea. And unquestionably that protection is fully deserved and sorely needed. There is no question at all about that. But two dozen valley States that sorely need protective measures are left entirely out of consideration and dismissed with the promise that at some indefinite time a survey of their needs will be undertaken.

The Senate vote in favor of the bill passed Wednesday was unanimous. Not a vote was lifted against the bill's inequities; not a vote was cast against it. Senators who have fought for a more equitable and effective measure were strangely quiescent when the roll finally was called. All joined in supporting a measure burdensome to all the States and beneficial to exceedingly few.

DUTY ON CARILLONS

Mr. FLETCHER. Mr. President, some time ago I introduced a bill providing for the repeal of the duty of 50 per cent on carillons. At that time I made some comment to the effect that these bells could be heard some 20 miles. It seems that I was in error about that; and one of the manufacturers of bells in this country, the Meneely Bell Co., which has a foundry at Troy, N. Y., rather took me to task about some things I said at that time, and insists that I ought to correct the RECORD.

I do no want to do anybody any injustice, or misrepresent the situation at all, and would not do it knowingly. I find that my information about the carrying power of these bells was in error; that probably 3 or 4 miles is as far as they can be heard. I do not see that it is very material; but I also made some comment, based upon the information I had, about bells of the kind I was commenting on not being manufactured in this country. Mr. Edward Bok proposes to erect in Florida some 62 bells to go in this carillon—a magnificent thing, a beautiful thing, all in the public interest—and I felt that it was not right to call on him to pay a duty of 50 per cent on such bells that he was going to present to the public.

Mr. SMOOT. Forty per cent.

Mr. FLETCHER. I think it is 50 per cent. I think the Senator will find that that is the case. At any rate, we insist that bells of that character are not manufactured in this country. The Meneely Bell Co. claim that they can make bells perhaps of the same kind, but I doubt very much if they can make them of the proper tone. However, in justice to them, I ask to have inserted in the RECORD the letter which they wrote me, dated January 30, and also a copy of the reply. I referred the letter to Mr. Bok, and I ask to have inserted in the RECORD his reply of February 25, hoping that may straighten matters out as far as it can be done at this time.

The PRESIDING OFFICER. Without objection, the letters will be printed in the RECORD.

The letters are as follows:

TROY, N. Y., *January 30, 1928.*

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SENATOR FLETCHER: When some months ago you introduced a bill for the remission of duty on a set of bells to be imported for an estate in Florida, I thought you might have done so "by request," thus passing no opinion on its merits. But upon reading in the CONGRESSIONAL RECORD of the 16th instant your recent reference on the floor of the Senate to that measure, I realized that you believed in it and the supporting document that you presented at the time of its introduction.

The RECORD quotes you as having said that such combinations of bells are not made in this country and can be heard some 20 miles.

I must challenge the accuracy of your information on those two features. The supporting document accompanying your measure states that a carillon "possesses substantially all the tones and half notes through a range of two to four octaves," and elsewhere in the same

document a carillon is described as "containing all the semitones of the chromatic scale." I hand you herewith an illustration of a set of 20 chromatically attuned bells of American manufacture that was installed in a church two years ago, and if you will visit our foundry we shall be glad to show you our stock patterns, from which you might choose a set of 50 or 60 bells or more.

Reference to your dictionaries will make plain to you that "carillons" and "chimes" are identical. "Carillon" is merely the French word for "chime." The difference is the same as that between "chapeau" and "hat"—in name only.

As to the carrying power of foreign-made sets of attuned bells, let me again refer you to the document supporting your measure, in which you will find the statement that a carillon imparts its sound "within a radius of at least a quarter of a mile," and that it is "heard under favorable circumstances for blocks away." European-made sets of attuned bells are notoriously lacking in carrying power, being cast very thin and primarily intended for use in congested European cities where carillons (chimes) are so numerous that the tones of powerful bells would overlap into the adjoining parishes. It is no uncommon thing for Americans founders to be employed for the purpose of correcting the attunement and attempting to increase the carrying power of tone of foreign-made bells that have been installed in this country.

Had the purchaser of the bells whose measure you have sponsored employed bell musicians to hear and contrast attuned sets of bells of high-priced American manufacture with those of any European make, he would have learned that the best-attuned bells in the world are produced in America.

As I have pointed out to you that your recent remarks on the carrying power of European-made bells were not in accordance with the statements set forth in the document supporting your measure, and as the inclosed literature conclusively shows that large combinations of bells are made in this country, I appeal to your fairness to have this letter read on the floor of the Senate for the benefit of your colleagues who heard what you said about bells a few days ago. I would also request that you have the inclosed article from the Churchman, which gives a description of bells from the standpoint of an American founder, printed as a Senate record and made a part of the documentary evidence on bells which originally accompanied the introduction of your measure.

I am, dear Senator, yours very truly,

WM. R. MENEELY,
President Meneely Bell Co.

FEBRUARY 25, 1928.

DEAR SENATOR FLETCHER: This is the first I knew of two Meneely concerns, and the mix up is, to my mind, perfectly justifiable—of a family with such an uncommon name as Meneely choose to quarrel or have a disagreement, and each founds a separate works for the making of a specialized product as bells, in the same city, it may be clear to them, but they should not be surprised if the lay public becomes confused. All I have ever heard is of a Meneely firm in Troy that makes bells of a certain weight, but I never knew there were two opposing firms.

They may make good chimes of a certain weight, but I do not know of a single carillon of any number of bells they have ever made.

I am truly sorry there seems such a poor chance to get the bill out of the committee. It is discouraging when one wants to do a beautiful thing for the American people to find a refusal on the part of the Government to give that support to which he is really entitled. It is not the sort of stimulant that urges him on, while that is exactly what the Congress should do—to encourage men who want to do something for the people.

Very cordially yours,

EDWARD W. BOK.

THE CALENDAR

The PRESIDING OFFICER. The morning business is closed. The calendar under Rule VIII is in order.

Mr. WALSH of Massachusetts. Mr. President, I should like to ask the Senator from Kansas [Mr. CURTIS] if we can not begin where we left off the last time the calendar was called?

Mr. CURTIS. That can be done only by unanimous consent. I think, as we have only 15 minutes left to consider the calendar, that is a good suggestion. So I ask unanimous consent that we consider unobjected bills on the calendar, beginning where we left off at the last call of the calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the consideration of the calendar will begin with Order of Business 580, Senate bill 2679.

CONTINUED SERVICE OF OFFICERS WHOSE TERMS HAVE EXPIRED

The bill (S. 2679) to limit the period for which an officer appointed with the advice and consent of the Senate may hold over after his term shall have expired was considered as in Committee of the Whole.

The bill had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and to insert:

That an officer of the United States who has been appointed, by and with the advice and consent of the Senate, for a definite term, but who, under the act fixing such term or under any other act of Congress, is to hold office until his successor is appointed and qualified, shall not continue in office beyond the end of the next session of the Senate commencing after his definite term has expired; except that any such officer who, on the date of the approval of this act, has continued in office beyond the end of such session of the Senate, shall cease to hold office on the date of the approval of this act.

SEC. 2. After the approval of this act no person shall be eligible for appointment to fill a vacancy in any office happening during the recess of the Senate, if the nomination of such person to such office has once been rejected by the Senate. Any appointment made in violation of the provisions of this section shall be void.

Mr. JONES. Mr. President, I should like a brief explanation of that bill. I have not had time to read it.

Mr. KING. Mr. President, this bill was unanimously reported from the Committee on the Judiciary. A similar measure was prepared, and I think introduced, at the last session of Congress, but not reached. It grows out of this situation, which I will state very briefly:

A number of statutes applicable to Alaska and Hawaii and other places provide that various officials, marshals, judges, and so on, may hold office indefinitely—that is to say, until their successors are elected and qualified—and there is no limit to the time their terms may run.

It is felt, in view of conditions which have arisen, that there ought to be a limitation. A situation was developed which challenged the attention of the committee. A person was appointed, his successor was named but not confirmed, and the official holds on indefinitely. The Department of Justice takes the position that in a proper construction of the statute a person may hold for life, unless his successor shall have been named in the meantime, and qualified.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

Mr. BRUCE. Mr. President, I am sorry to object, but I do not approve of this bill on principle. It is not a meritorious bill, in my judgment, and I think it involves what would prove to be a very unfortunate alteration of policy. I feel bound to object.

Mr. KING. Mr. President, I am sure that if the Senator understood he would take a different view; but, of course, if he objects, it will have to go over.

The PRESIDING OFFICER. The bill will be passed over.

OHIO RIVER BRIDGE AT AUGUSTA, KY.

The bill (H. R. 5721) authorizing E. M. Elliott & Associates (Inc.), its successors and assigns, to construct, maintain, and operate a bridge across the Ohio River at Augusta, Ky., was considered as in Committee of the Whole.

Mr. BARKLEY. Mr. President, I desire to offer an amendment to the bill. I move that wherever the words "E. M. Elliott & Associates (Inc.)" appear in the bill the words "J. C. Norris, mayor of the city of Augusta, Ky., his successors and assigns," be substituted.

Mr. SMOOT. Mr. President, will the Senator explain why he offers that amendment?

Mr. BARKLEY. Because the people in Augusta, Ky., who are behind this proposition, and desire to have the bridge constructed, have decided to proceed in the name of the mayor of the city. They think it will procure an advantage to the local community in the construction of the bridge, and they have therefore asked me to offer the amendment. It is the friends of the bill who have agreed to the proposal.

Mr. SMOOT. There is no other amendment intended to be proposed?

Mr. BARKLEY. No; that is all.

Mr. FLETCHER. Does that mean "J. C. Norris as mayor"?

Mr. BARKLEY. Yes.

Mr. FLETCHER. Should it not read "as mayor"?

Mr. BARKLEY. "As mayor"; yes.

Mr. DALE. The bill has passed the House of Representatives, granting the authority to build this bridge to certain other parties. Do they consent to this change?

Mr. BARKLEY. I have no information from E. M. Elliott himself. I will state that the whole matter has been gone into by the author of the bill in the House, and he has communicated with the parties in the matter interested in the bridge, and they have all agreed that this substitution should be made.

Mr. DALE. What I had in mind was why the authority was not given to other parties, as the Senator requests, and then let them settle it. Why is it taken away from the parties to whom it was granted by the House?

Mr. BARKLEY. I will state to the Senator that my information is that E. M. Elliott has obtained the consent of Congress to build numerous bridges, that he is somewhat of a promoter, and that he has used the consent of Congress, granted to him, to make money out of it himself and to assign the permits, and that the people who are interested in this bridge no longer desire to deal with him or to have him interested in this bridge proposal.

These facts have all been developed since the bill passed the House. The amendment is offered at the request not only of the Member of the House who introduced the bill but of the people in Augusta who are interested in this bridge, who have learned some facts about this man Elliott.

Mr. DALE. Mr. President, I am sorry, but I think I shall have to object to the consideration of this bill until I can have another day's consideration of it.

The PRESIDING OFFICER (Mr. JONES in the chair). Objection is made, and the bill will be passed over.

Mr. BARKLEY subsequently said: Mr. President, I ask unanimous consent to return to Calendar 600, House bill 5721.

The PRESIDING OFFICER. Is there objection?

Mr. DALE. Mr. President, I withdraw my objection.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment, on page 5, line 17, to strike out "2" and insert in lieu thereof "4."

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Kentucky offers an amendment, which the clerk will state.

The CHIEF CLERK. The Senator from Kentucky proposes that wherever "E. M. Elliott & Associates (Inc.)" appears in the bill, the language "J. C. Norris, as mayor of the city of Augusta, Ky., his successors and assigns," be substituted.

Mr. WALSH of Massachusetts. Mr. President, I do not want to object to the consideration of the bill, but I want to ask the Senator if I understood him correctly to state the man mentioned in this bill has come to Congress and gotten the consent of Congress for the construction of bridges for the purpose of getting contracts later from municipalities, States, or counties to build bridges?

Mr. BARKLEY. Information has been developed in connection with some bridge bills that have been passed that certain persons have taken advantage of the consent of Congress to speculate on the permits received, and to sell them to municipalities and private corporations. It is to avoid that very situation that I ask that the mayor of the city of Augusta, as mayor, the city of Augusta being primarily interested in the construction of this bridge, be substituted for the name which now appears in the bill.

Mr. WALSH of Massachusetts. I have no objection, but it seems to me that the system involves legislative scandals, private individuals coming to Congress and getting bills through both branches, and through committees, for the purpose of using the congressional acts to enrich themselves by getting contracts.

Mr. BARKLEY. I think the Seantor is correct about that. It is to avoid that very situation that I ask that the name of the mayor be substituted.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

ALPHA NEWELL

The bill (S. 140) for the relief of Alpha Newell was announced as next in order.

Mr. McNARY. Mr. President, at the request of the Senator from California, I desire that the bill may go over for the day.

The PRESIDING OFFICER. The bill will be passed over.

BOULDER DAM

The bill (S. 728) to provide for the construction of works for the protection and development of the lower Colorado River Basin, for the approval of the Colorado River compact, and for other purposes, was announced as next in order.

Mr. SMOOT. That can not be passed to-day.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF INTERSTATE COMMERCE ACT

The bill (S. 1263) to amend section 4 of the interstate commerce act was announced as next in order.

Mr. GOODING. I ask that this bill may go over without prejudice. It can not be considered under the five-minute rule.

The PRESIDING OFFICER. The bill will be passed over.

REVOLUTIONARY CANNON DONATION

The bill (S. 805) donating Revolutionary cannon to New York State Conservation Department was considered as in Committee of the Whole, and was read, as follows:

Be it enacted, etc., That the Secretary of War, in his discretion, is hereby authorized to deliver to the order of the New York State Conservation Department five Revolutionary cannon stored in the Watervliet Arsenal at Watervliet, N. Y., and marked "W. A. 60," "W. A. 61," "W. A. 62," "W. A. 63," and "W. A. 64": *Provided*, That the United States shall be put to no expense in connection with the delivery of said cannon.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

PRIVATE CONDUIT ON LINCOLN ROAD NE.

The bill (S. 2542) for the construction of a private conduit across Lincoln Road NE., in the District of Columbia, was considered as in Committee of the Whole, and was read, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized to grant permission to Trinity College to lay a conduit for the transmission of power from their power house under and across Lincoln Road NE., between Michigan Avenue and Fourth Street, in the District of Columbia, into and upon the property of Trinity College, which is located on both sides of Lincoln Road, under the regulations and subject to the limitations prescribed in the act entitled "An act regulating permits for private conduits in the District of Columbia," approved May 26, 1900.

SEC. 2. That Congress reserves the right to alter, amend, or repeal this act.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

WINFIELD SCOTT

The bill (H. R. 4115) for the relief of Winfield Scott was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

HARRIET K. CAREY

The bill (H. R. 4117) for the relief of Harriet K. Carey was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

W. LAURENCE HAZARD

The bill (H. R. 4116) for the relief of W. Laurence Hazard was considered as in Committee of the Whole.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

TWENTY-THIRD INTERNATIONAL CONGRESS OF AMERICANISTS

The joint resolution (S. J. Res. 97) authorizing the President to appoint three delegates to the Twenty-third International Congress of Americanists, and making an appropriation for the expenses of such congress was announced as next in order.

Mr. SMOOT. Let that go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

Mr. BINGHAM subsequently said. Mr. President, I was unavoidably absent from the Chamber a moment ago when Senate Joint Resolution 97 was passed over. I ask unanimous consent that we go back to that.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut?

Mr. SMOOT. Before I withdraw my objection to it, I want to say to the Senator that there is no report with the joint resolution, and I would like to have him explain what is really intended to be done by the measure, and what expense would be attached to it, whether the $5,000 would be sufficient, or whether there would be an item in the deficiency appropriation bill to cover additional expenses.

Mr. BINGHAM. Mr. President, I shall be very glad to explain. The International Congress of Americanists, an organization consisting of those interested in the history of aboriginal America, in Indian lore, and archæological remains, has met in different countries for many years past. We have always had delegates at the congresses, and in whatever country the congresses have been held the government of the country has recognized the congress, has made appropriations for

it, and has treated our delegates with great courtesy and hospitality. This year it is to be held in New York City.

With regard to the appropriation, the amount of $5,000 will be ample to cover the needs. I can say to the Senator that there will be no effort to secure any additional funds for it whatsoever. The congress is accustomed to paying most of its expenses, and this is merely a small amount to enable us to return hospitality which our delegates have for many years received in foreign countries.

Mr. SMOOT. Does the Senator remember how many countries participate in these Congresses?

Mr. BINGHAM. There are generally from a hundred to a hundred and twenty-five visiting delegates, besides those who are locally interested. Of course, being in New York, the members of the New York Historical Society, the American Museum of Natural History, and others interested in like enterprises in connection with anthropology, ethnology, and archæology will be present.

Mr. FLETCHER. How many countries will be represented?

Mr. BINGHAM. Practically every country in America and in Europe will be represented. All persons interested in the prehistoric life of America, its monuments, and the development of the Indians, will follow its proceedings with interest.

Mr. BRUCE. Mr. President, I suggest that the name "Americanists" is an entirely inappropriate designation. That is usually associated with the "Know Nothings" in the history of the country.

Mr. BINGHAM. May I say to the Senator from Maryland that I think that name is due to the fact that the congress had its origin in France and this title is a literal translation of the French title. Being translated into English it becomes "International Congress of Americanists." "Americanists" are those primarily interested in prehistoric America and the aborigines of the Western Hemisphere.

Mr. BRUCE. I desire to withdraw any objections which I may have seemed to offer to the bill in which the Senator from Connecticut is so interested. I hope that the measure may be passed.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution (S. J. Res. 97) authorizing the President to appoint three delegates to the Twenty-third International Congress of Americanists, and making an appropriation for the expenses of such congress.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. The preamble has been reported with an amendment, which will be stated.

The amendment to the preamble was, in line 4, before the word "races," to insert the word "aboriginal," so as to read:

Whereas the Twenty-third International Congress of Americanists will be held in New York City during the week beginning September 17, 1928, for the consideration of (1) the aboriginal races of America and their relationship to other peoples, (2) the archæological remains found in America and time relations as revealed by them, (3) the habits and customs of the various groups of American Indians and questions of the origin and distribution of these in the Old and New Worlds, (4) the native languages of America, (5) the early history of America, especially in regard to its discovery and early settlement, and (6) geographical and geological questions, especially as related to human activities: Therefore be it

Resolved, etc., That the President is authorized to appoint three delegates to represent the United States at the Twenty-third International Congress of Americanists, to be held in New York City during the week beginning September 17, 1928.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $5,000, to be paid by the Secretary of State to the proper officials of such Congress as the contribution of the United States toward defraying the expenses of such congress.

The amendment was agreed to.

The preamble as amended was agreed to.

TAXES IN THE DISTRICT OF COLUMBIA

The bill (S. 3178) to provide an additional method for collecting taxes in the District of Columbia, and for other purposes, was announced as next in order.

Mr. SMOOT. Just a moment.

Mr. WALSH of Massachusetts. Is that the bill on which the Senator from Colorado [Mr. PHIPPS] spoke the other day?

Mr. SMOOT. No; it is not. I asked for a moment because I had that very question in mind.

Mr. WALSH of Massachusetts. What is this bill? Let it be reported.

The PRESIDING OFFICER. The clerk will read the bill.

The Chief Clerk read the bill.

The PRESIDING OFFICER. The bill is recommended by the commissioners and has a unanimous report from the committee.

Mr. BRUCE. It was very carefully considered.

Mr. WALSH of Massachusetts. I have no objection.

Mr. BLAINE. I do not believe there has been any explanation of this bill. I have not had time to look into it, and I would like to have some one tell what the bill would do. I may have no objection to its consideration.

Mr. CAPPER. Mr. President, the bill was introduced by the Senator from Colorado [Mr. PHIPPS], who is thoroughly familiar with the purposes of it. I think probably it would be well to have the bill go over until the Senator from Colorado can be present.

The PRESIDING OFFICER. The bill will be passed over.

SENATOR THOMAS J. WALSH'S SUMMARY OF OIL SCANDAL

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the New York Times of April 1, 1928, by my colleague [Mr. WALSH], in which he sums up the oil scandal.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SENATOR WALSH SUMS UP THE OIL SCANDAL—THE MAN WHO HAS HAD A LEADING PART IN THE PROTRACTED INVESTIGATION TRACES STEP BY STEP THE DEVIOUS COURSE OF THE CONTINENTAL TRADING CO., WHICH HE TERMS "A SHAMEFUL STORY"

(The oil scandal grows in magnitude far beyond the implications of the sensational disclosures of four years ago. The first stage of investigation by a Senate committee brought out circumstances connected with the leasing of naval oil reserves to Harry F. Sinclair and E. L. Doheny. The second and present stage of the investigation inquires into the affairs of the Continental Trading Co. and the disposal of its profits. In this article, the first that he has written for publication, Senator WALSH of Montana, a leading member of the investigating committee, pieces together the evidence that has been brought out bit by bit since the affairs of the mysterious Continental Trading Co. were brought to light.)

By THOMAS J. WALSH, a Senator from Montana

WASHINGTON.

The revived inquiry into the scandals connected with, or incidental to, the leasing of the naval oil reserves has been characterized by sensational developments rivaling in public interest those at which the country was aghast when first the iniquity of the main transaction was laid bare.

Though the energetic representatives of the press have faithfully chronicled the disclosures as they were made and interpreted with substantial accuracy what was told to the committee, indicating the significance of each item of testimony of consequence, their stories were necessarily piecemeal in character. A connected narrative of the extraordinary transactions of which the committee has been told ought to be of general interest.

It should be borne in mind that though the Continental Trading Co. came into existence contemporaneously with the initiation of the negotiations leading to the leasing of the reserves, there was no inkling of its birth or evanescent career until after the labors of the committee were suspended in the year 1924 to await the determination of the courts on the principle of law upon which Harry F. Sinclair based his refusal to answer questions propounded to him.

The Continental Trading Co. was incorporated November 16, 1921, and began its business life next day. On November 30, 1921, E. L. Doheny made his celebrated "loan" to Fall, and in the last week of that year Sinclair visited the Secretary of the Interior at his ranch at Tres Rios, then expanded by the acquisition of the adjacent Harris property, a deal that excited the suspicion of his neighbors, who knew that Fall was "broke."

DISCOVERY OF THE LIBERTY BONDS

The mysterious Continental Trading Co. came to light in the course of the preparation of Atlee Pomerene and Owen J. Roberts for the trial of the suit of the Government brought at Cheyenne, Wyo., to cancel the lease of the Teapot Dome. Prowling around among the records of the banks in which Fall had accounts in the West a reference was found to 3½ per cent Liberty bonds, the numbers of which were noted.

Through the Treasury these were traced to the Continental Trading Co., for whom they had been purchased with others aggregating $3,080,000 face value by the New York branch of the Dominion Bank of Canada. It was then developed that of the bonds so acquired $230,500 worth, face value, were delivered by Fall's son-in-law to a bank at Pueblo, Colo., the avails going in part to liquidate obligations to the bank from a company the stock of which was owned jointly by Fall and his son-in-law, in part to pay off Fall's personal debts, and the remainder to the credit of his account.

Inquiry revealed that the Continental Trading Co. was organized, as stated, in 1921 by one H. S. Osler, of Toronto, Canada, all others con-

nected with the institution being clerks in his law office, and that it had dissolved in 1923. The story of its entrance into the business world was told by ex-Senator Thomas, of Colorado, practicing law at the capital. He was called to New York by Col. A. E. Humphreys, a client, whose home was likewise at Denver, to assist in drafting a contract for the sale to the Sinclair Crude Oil Purchasing Co. and the Prairie Oil & Gas Co. by companies controlled by Humphreys of 33,333,333 barrels of oil, a part of the product of a rich field opened up by Humphreys in west Texas.

Conferences were held by Thomas, Humphreys, and his son, on the one side, and Harry F. Sinclair, Robert W. Stewart, and Henry M. Blackmer, associated with the Sinclair Crude Oil Purchasing Co., and James E. O'Neil, the managing head of the Prairie Oil & Gas Co., on the other. The stock of the Sinclair Crude Oil Purchasing Co. is owned, the one-half by the Sinclair Consolidated Co., dominated by Sinclair, and the one-half by the Standard Oil Co. of Indiana, of the board of directors of which Stewart then was and still is the chairman. Blackmer was at that time the strong man in the Midwest Refining Co., all of the stock of which was then and still is owned by the Standard of Indiana. [The resignation of H. M. Blackmer as a director in the Midwest Refining Co. was announced by the chairman of the Board at Denver on March 28.] O'Neil directed the business of the Prairie Oil & Gas Co.

The negotiations terminating in an agreement, Thomas was about to write the contract from notes taken by him during the conference when he was told that the Continental Trading Co. was to be named in the contract as the purchaser. There naturally arose a question as to the financial responsibility of that company, but all misgivings were stilled by the assurance that its obligation would be guaranteed by the two companies who throughout the negotiations were spoken of as the purchasers.

THE CONTRACT SIGNED AND SEALED

The contract having been drafted, there then appeared, for the first time, the Toronto lawyer who the day before brought the Continental Trading Co. into being and who, as president of that company, signed and sealed it.

The vendor companies became bound through the signature of Humphreys, and the guarantee indorsement was executed by O'Neil for the Prairie Oil & Gas Co. and by Sinclair and Stewart, purporting to act as directors of the Sinclair Crude Oil Purchasing Co., though they were not in fact such—a circumstance of no consequence, seeing that the transaction was subsequently ratified by the board of directors of that company.

Further information was secured by counsel representing the Government in the litigation, civil and criminal, that while the Continental Trading Co., by its contract heretofore referred to, guaranteed as stated, acquired the right to have from Humphreys 33,333,333 barrels of oil at $1.50 per barrel, it on the same day contracted to sell to the guaranteeing companies at $1.75 per barrel, O'Neil signing for the Prairie Oil & Gas Co., Sinclair and Stewart for the Sinclair Crude Oil Purchasing Co.

Deliveries were made under the contracts until June 1, 1923, when the contract of the Continental with the Humphrey companies was transferred to the guaranteeing companies, they paying for it $400,000.

The profits theretofore realized—25 cents per barrel—being thus swelled, the Dominion Bank of Canada, to which remittances were made, bought with the avails from time to time under directions from Osler 3½ per cent Liberty bonds to the amount of $3,080,000. These, under directions from the same source, were by the bank, after taking out 2 per cent, which went to the credit of Osler, evidently his commission, divided into four packages, each containing an equal amount, and delivered to him.

THE BONDS TRACED

It was established at the trial at Cheyenne of the suit to cancel the Teapot Dome lease that the bonds heretofore referred to as having been delivered to the Pueblo bank for Fall were among those thus acquired by the Continental Trading Co. The Dominion Bank kept no record of the numbers of the bonds purchased by it, but it did note the brokerage firms through which they were bought and their identity was established by their records.

The foregoing constitutes in outline the sum of the information at the command of the Government, either at the trial at Cheyenne or at the criminal trial of Fall and Sinclair in the District of Columbia, halted in consequence of the "shadowing" of the jury by Burns detectives employed by Sinclair.

There was no direct evidence on either trial concerning how the bonds came into the possession of the son-in-law of Fall, who turned them over to the Pueblo bank, nor regarding the source from which he obtained them. In both instances he declined to testify on the ground that his evidence might tend to incriminate him.

An effort was made to take the testimony of O'Neil and Blackmer, who had fled to France, when it seemed likely they would be called as witnesses, under letters rogatory issued to the courts of that country; but they, too, declined to testify and, strangely, compulsory process can not be resorted to in that Republic against recalcitrant witnesses.

In like manner an attempt was made to compel Osler to relate the story of the evanescent life of the Continental Trading Co., but he took refuge in the plea of privilege of counsel. Persisting in his refusal to answer, he was committed for contempt, his plea being overruled. He sued out a writ of habeas corpus, but again was adjudged not to be protected by the rule that counsel can not be forced to disclose confidential professional communications. From the judgment thus rendered against him he appealed and departed on a lion hunt to South Africa. Meanwhile Judge Kennedy, sitting at Cheyenne, denied a motion of the Government for a continuance until the deposition of Osler could be taken, and the effort to get his testimony proved abortive.

COLONEL STEWART DEPARTS

Such light as Col. Robert W. Stewart could shed upon the shady transaction, in view of the part he had in the negotiations leading up to the contracts, was likewise sought by counsel for the Government, but he had important business in South America about the time the trial was coming on and left for an unknown destination before the subpœna could be served upon him. It might be added that Sinclair did not offer himself as a witness at Cheyenne and was not examined. Obviously, being under indictment at the time, his testimony could not be compelled.

Notwithstanding the failure to close up the gap referred to, the Circuit Court of Appeals for the Eighth Circuit and the Supreme Court of the United States, reversing the decree of Judge Kennedy dismissing the Government's bill, held the facts hereinbefore narrated, with others brought to light by the Senate Committee on Public Lands, to be indicative of fraud and corruption in the lease, and held that Fall, in executing the same, was a "faithless public officer."

Here begins the story of the revived investigation undertaken pursuant to a resolution of the Senate directing the Committee on Public Lands and Surveys to continue the work that remained suspended for four years, and particularly to inquire into the disposition of the bonds purchased by the Continental Trading Co.

Reference has been made to the refusal of Everhart, Fall's son-in-law, twice to testify on constitutional grounds. If he was in peril of prosecution at all it was because he might be suspected of participation in the crime for which Sinclair and Fall stood indicted—namely, conspiracy to defraud the United States—though he had never been formally charged with that or any other crime in connection with the oil leases. Nor was there any purpose to proceed against him. However, the court on both occasions perhaps properly sustained his plea.

STATUTE OF LIMITATIONS INVOKED

Prior to 1921 the statute of limitations as to all offenses against the United States not capital was three years. Shortly after his taking office Attorney General Daugherty represented that gigantic frauds, criminal in character, had been perpetrated during the war by or through the connivance of trusted officers of the Government who would be likely to escape punishment through the running of the statute, it being impossible within the brief period of the statute, owing to the complicated nature of the transactions and the iniquity of the conspirators, to unravel the tangled web sufficiently to permit the framing of indictments. He asked that the period be extended in the case of conspiracies to defraud the United States to six years and Congress promptly complied.

It is well known that the great hue and cry came to naught. No official of the Government not altogether petty was ever put upon trial. None such was ever indicted save one, and he was discharged on a demurrer, but the statute served as a screen to protect the associates of Daugherty caught red-handed in the most stupendous piece of thievery known to our annals or, perhaps, to those of any other country. Secretary Wilbur has estimated the net value of the leased reserves at $1,000,000,000.

EVERHART TELLS HIS STORY

Congress took advantage of the interruption of the Fall-Sinclair trial in Washington to repeal the Daugherty Act of 1921, thereby cutting away the immunity of Everhart, who, being called before the committee on the resumption of its hearings, testified frankly that he got from Sinclair the bonds he turned over to the bank at Pueblo, together with others to the amount of $2,500 which he put into the hands of Fall in Washington, where he came at the instance of the latter from the West.

There was some pretense that the bonds represented the purchase price of one-third of the stock of the Fall-Everhart Tres Rios Land & Cattle Co., whose ranch property was to be turned into a club, a sort of riding and hunt club, but so shallow was this fable that its details need not be dwelt upon. The testimony so loosed will be available at the trial before Justice Bailey to be entered upon again during the present month.

The futile efforts of the committee to wring information from the dummy directors of the corporations involved need not detain us. Blackmer and O'Neil were and are still abroad subject to a penalty of $100,000 for failing to respond to a subpœna to attend the criminal trial in the District of Columbia, a law to that effect having been enacted to enforce their appearance. Stewart's presence was secured, however, after the committee had enlisted the aid of John D. Rocke-

feller, jr., to induce him to cut short a round of activities in Habana and to postpone a contemplated trip to Mexico.

Though correspondence coming into the hands of the committee disclosed that he and Blackmer were associated in the negotiations for the purchase of the Humphreys oil from the beginning, and he was present at their culmination, as stated, he professed no knowledge of the incorporation of the Continental Trading Co. or participation therein, and could offer no reason why his company was not able to buy at $1.50 as well as the Continental Trading Co., particularly when it was unknown and had no credit, so that the ultimate purchasers had to guarantee its contract to buy.

STEWART'S DEFENSE

Stewart was present and participating, according to the testimony of Thomas Humphreys, jr., and Beaman Dawes (interested because his company, the Pure Oil, was a stockholder of the Humphries companies), when the agreement was actually entered into by which the Prairie Oil & Gas Co. and the Sinclair Crude Oil Purchasing Co. was to get the oil for $1.50. He stolidly insisted that some one told him he could not get the oil for less than $1.75 and that it was a good buy at that price, though he knew some one was getting a "commission" of 25 cents. He protested that he had never made a penny out of the transaction, but declined to tell what he knew about what disposition was made of the bonds.

Arrested by order of the Senate to answer to a charge of contempt, he sued out a writ of habeas corpus which was, after hearing, quashed, and he is now at large pending an appeal from the order remanding him to the custody of the Sergeant-at-Arms of the Senate. Meanwhile he has been indicted for his refusal to answer and stands in peril of a jail sentence, like that imposed upon Sinclair for a like offense.

Not all the witnesses holding places with the companies involved, however, suffered from amnesia, though that affection was most extraordinarily general among them.

The gentleman who succeeded O'Neil as chairman of the board of the Prairie Oil & Gas Co., long associated with him, told an amazing story of having been called, in the year 1925, by O'Neil to Montreal, whither, obviously avoiding the United States, he had secretly come from France, ill and expecting to die. He conveyed to his friend the intelligence that he had made a profit out of the transactions of the Continental Trading Co. amounting, with accrued interest, to $800,000, which he asserted he considered and had always considered belonged to the Prairie Oil & Gas Co.

He gave the messenger so summoned an order on his son in New York to deliver to the bearer bonds to the amount above indicated for that company, which was done, and the bonds were taken to the office of the company at Independence, Kans., where they now are in the possession of an affiliated company.

BLACKMER CREPT TO CANADA

Another actor in the drama, Henry M. Blackmer, anticipated the discovery by the committee of the whereabouts of his share of the loot by sending his attorney to tell about it. He, too, cautiously crept to Canada, where he summoned his counsel to tell him that, as in the case of the O'Neil bonds, none of the coupons on his had been cashed except those maturing in December, 1922, and June, 1923, and that they were held intact to the amount of $763,000 in New York.

This was done because he had some misgivings about a claim that might be made thereto by either the Midwest Refining Co. or the Standard of Indiana, with the directing head of the latter of which he had been associated in the transaction through which the bonds had been acquired, and of the former of which he was himself the directing officer at a salary of $50,000 or more. In his case it was apparently the promptings of prudence that brought him from his sanctuary, not of conscience, as in the case of O'Neil.

Neither volunteered any information concerning the disposition of the remainder of the bonds, O'Neil indicating quite clearly to his intimate friend, on announcing his purpose to surrender, that he did not desire to be questioned concerning details. It is known, however, that Sinclair participated in the distribution, seeing that Fall got $233,000 worth of the bonds from him, in addition to $25,000 more not identified as Continental bonds, said to have been turned over as a loan in the summer of 1922, about the time that he and Sinclair started on a trip to Russia in connection with an oil concession which the latter got or hoped to get from the government of that country.

TURNED OVER TO HAYS

It was further developed at the original hearing that he had turned over to Will H. Hays, for the Republican National Committee, about December 3, 1923, $75,000 in bonds, which at the later inquest were shown to be Continental bonds. That gentleman, who had been chairman of the committee mentioned prior to and during the campaign of 1920, and who became Postmaster General on the incoming of the Harding administration in March, 1921, felt impelled, though he had retired from both positions in the fall of 1923, to help raise funds to meet the large deficit resulting from a somewhat liberal course of spending in that campaign.

He left the impression, if he did not actually state when on the stand in 1924, after much prodding, that the contribution had been made by Sinclair in cash, but another witness revealed that what the committee received were bonds in the amount above indicated, which were converted and applied to the liquidation of an indebtedness at the Empire Trust Co.

On the renew hearing Mr. Hays voluntarily appeared—whether he had an acute sense that the facts would otherwise be divulged is a matter of speculation—and told the committee that Sinclair had further turned over $185,000 in bonds, in the nature of a loan, to be "used" by the committee in taking care of the debt.

HOW THE BONDS WERE USED

Pressed for an explanation as to how the bonds were to be "used," Mr. Hays was indefinite and unintelligible, but it was anticipated that in some way the delivery of them would, to that extent, serve to permit the statement to be made to the committee, then about to assemble, that the debt had been "provided for," it being understood that from moneys to be raised by nation-wide solicitation Sinclair was to be repaid.

Of the bonds so "loaned" Hays told that $60,000 was sent to Fred W. Upham, treasurer of the committee, at Chicago, and $25,000 to John W. Weeks, then Secretary of War, and $50,000 delivered to John T. Pratt, a wealthy New Yorker, a member of the "Standard Oil group." Pratt subscribed $50,000 on the receipt of the bonds on November 28, 1923, toward the fund to lift the indebtedness, remitting by check to Upham, but afterwards was prevailed upon by Hays to return either the bonds he received or an equal amount, which Hays then turned back to Sinclair, together with $50,000 more, which, according to Hays, was never "used."

Interrogated as to what Upham was to do with the bonds sent to him, Hays professed ignorance, but denied specifically that it was understood that he was to distribute them around among trustworthy Republicans in the city of Chicago and take from them checks for the avails, giving to the transactions the character of subscriptions from the recipients, respectively.

PATTEN CONFIRMS A THEORY

Information coming to the committee to the effect that that was just what was done was confirmed by the testimony of James Patten of that city, a retired grain speculator of advanced years, who got $25,000 of the bonds from Upham and subscribed for an equal amount. Patten took the bonds but, reflecting on the matter, his sense of decency revolted and he grew angry at being thus approached, but stilled his conscience by donating an equal amount to a hospital. Other Chicagoans were shown to have subscribed similarly.

Meanwhile the custodians of the papers and effects of Pratt, who died during the summer of 1927, placed in the hands of the committee, among other papers relating to the transaction in which he figured, a small slip of paper on which were memoranda in pencil in his handwriting, intended to serve as a record of the same, in the lower right-hand corner of which were four names—"Weeks," "Andy," "Butler," and "du Pont."

Senator COLEMAN DU PONT got from Hays the $75,000 in bonds which went toward discharging the obligation at the Empire Trust Co., of which DU PONT was an officer. Weeks had been the recipient of bonds, and so it was a reasonable inference that "Andy," presumably Andrew W. Mellon, Secretary of the Treasury, and Senator William M. Butler, chairman of the Republican National Committee, had some part in the transaction.

Being called they both asserted that Hays had tendered bonds to them, to the former $50,000 and to the latter $25,000, but that they had declined to accept them, though Secretary Mellon, who was told the bonds were provided by Sinclair, made a contribution in the amount of the bonds sent him.

Neither of them manifested any resentment such as stirred Patten, nor did either rebuke Hays, or counsel him to return the bonds to Sinclair, or make any effort to dissuade him from "using" the bonds, nor did either take any steps to prevent his "use" of them. Moreover, at the outset of its work the committee sought the aid of the Treasury and had been assured by the Secretary that the Secret Service of his department would give the committee all possible assistance. It responded and was collaborating with the committee in its efforts to trace the bonds, though neither had had any information touching the connection of the Secretary with any of them.

MELLON'S RETURN OF THE BONDS

Hays, recalled, explained his failure to mention his effort to get Mellon and Butler to take the bonds by saying that he felt called upon only to tell about how the bonds were "used." He added that the bonds tendered to Mellon—actually he had them for a week or 10 days—were the $50,000 worth he had said on his earlier appearance never were "used" and were turned back to Sinclair. Presumably the $25,000 which Butler refused went to Weeks.

Sinclair having recovered $100,000 of the $185,000 worth "loaned," "glancing an eye of pity on his (Hays's) losses" through speculations in Sinclair stock, generously released Hays from any obligation

arising out of the "loan" of the stock by making a further contribution to the debt fund of $85,000, or $160,000 in all, a sum which no other contributor approached—not even Andrew W. Mellon, reputed to be one of the richest men in America, whose total contribution has been noted.

Reference was made at the outset to the singular circumstance that the organization of the Continental Trading Co. and the initiation of Sinclair's activities on the one hand and the preliminaries to the leasing of the naval oil reserves on the other occurred simultaneously. An even more striking coincidence in respect to time as between these two enterprises is disclosed. The date of the delivery of the bonds by Sinclair to Hays is fixed by the date of Pratt's check to Upham and the receipt of the brokerage house to which the bonds he got were delivered for sale as November 28, 1923.

FURTHER PROOF OF THE DATE

The time is further fixed by the date of the application of the avails of the bonds that went to du Pont by the records of the Empire Trust Co., showing that the proceeds thereof were received by it December 3, 1923. At that very time the facts were being unfolded before the Senate committee, from which the inference was all but inescapable that Fall had been bribed to issue the leases.

On November 30, 1923, the so-called New Mexico witnesses were examined, having been subpœnaed perhaps a week before—Clayton, the county treasurer of Fall's county, who told that he had not paid his taxes for 10 years prior to the summer of 1922, when they were liquidated; Carl Magee, who testified that Fall had told him some time prior to 1921 that he (Fall) was "broke"; other citizens who testified that conditions had been hard in the cattle business, in which Fall was engaged, and that every cattleman in that county was broke; Fall's neighbor, Harris, who had just sold his ranch to the former for $94,000 cash, and Johnson, the ranch foreman, who testified to extensive and costly improvements on Fall's place. So significant was this testimony that his friends on the committee, Senators SMOOT and Lenroot, telegraphed Fall at once that he ought to come on without delay to explain.

SINCLAIR'S NEED OF FRIENDS

This synchrony suggests at once that the extraordinary sum yielded up at that critical time by Sinclair was not altogether voluntarily donated, and that either hope or fear, if not gratitude, stimulated his generosity and accentuated his devotion to the principles of the Republican Party. In the predicament in which he found himself at that juncture he stood in dire need of friends at court.

The committee was directed to resume its work because of a widespread belief that the fund accumulated by the Continental Trading Co., which had been denounced by the Supreme Court of the United States as a fraudulent institution, was to be devoted, and, perhaps, had been devoted, to corrupt uses of one form or another, seeing that some of it had been shown to have been so employed.

It seems now, however, to have been the ill-gotten gains of a contemptible private steal, the peculations of trusted officers of great industrial houses, pilfering from their own companies, robbing their own stockholders, the share of the boodle coming to one of the freebooters serving in part as the price of the perfidy of a member of the President's Cabinet. It is a shameful story, for which, happily, our annals furnish no parallel.

FARM RELIEF

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, Senate bill 3555.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3555) to establish a Federal farm board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce.

Mr. FLETCHER. Mr. President, may I ask the Senator from Oregon if he would be willing to lay aside the unfinished business until we complete the call of the calendar?

Mr. MCNARY. Mr. President, I would go a great distance to please the Senator from Florida. I am going to yield the floor to the Senator from Indiana [Mr. WATSON] to enable him to make a speech on the unfinished business, because of his desire to leave the city, and for that reason I must insist on proceeding with the unfinished business.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Barkley	Bruce	Fletcher	Hale
Bayard	Capper	Frazier	Harris
Bingham	Caraway	George	Harrison
Black	Copeland	Gerry	Hawes
Blaine	Couzens	Gillett	Hayden
Blease	Curtis	Glass	Heflin
Borah	Dale	Goff	Johnson
Bratton	Edge	Gooding	Jones
Brookhart	Edwards	Gould	Kendrick
Broussard	Fess	Greene	Keyes
King	Nye	Shipstead	Tydings
McKellar	Oddie	Shortridge	Tyson
McLean	Overman	Simmons	Wagner
McMaster	Phipps	Smith	Walsh, Mass.
McNary	Pine	Smoot	Walsh, Mont.
Mayfield	Pittman	Steck	Warren
Metcalf	Ransdell	Steiwer	Waterman
Moses	Robinson, Ark.	Stephens	Watson
Neely	Sackett	Swanson	Wheeler
Norbeck	Sheppard	Thomas	

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present. The Senator from Oregon [Mr. MCNARY] is entitled to the floor.

Mr. MCNARY. I yield to the senior Senator from Indiana.

Mr. WATSON. Mr. President, I desire to address myself somewhat briefly to the pending measure. I shall confine my remarks this afternoon to a discussion of the equalization fee, and that alone, reserving until a later time in the debate some observations on the general aspects of the measure.

It is my deliberate judgment that no farm legislation will be of present practical value to agriculture in this country unless it provides a method of taking care of staple crop surpluses and one that will be effective in two ways: First, to regulate the available supply in the interest of a fair and stable price; and, second, to afford producers the advantage of existing or future tariffs.

In my judgment the only sound way of doing this necessary thing is by means of an equalization fee to pay the costs of the proposed control of crop surpluses. No other practical means short of direct or indirect Treasury subsidy has been proposed to stabilize and protect our staple surplus crops. It matters not whether we have a Republican tariff or a Democratic tariff, the principle is the same—the cost of managing the surplus so as to make any tariff effective on a surplus crop in its domestic market must be met either by the benefited commodity, as this measure through the equalization fee proposes, or by direct or indirect Treasury subsidy. There is no other practical way.

Therefore, I desire to say to the Members of the Senate, and particularly to those who in the past have opposed this measure, that to deny the farmers the McNary-Haugen bill with the equalization fee is to deny them the benefits of the protective system. And let me warn you that any Member of Congress or any executive officer assumes a grave responsibility, indeed, when he takes the position that farmers should be denied an opportunity to enjoy our American standards of living, and alone of all our major groups must be submerged to levels prevailing in less fortunate lands. We boast of our high standards of living, but they will not long prevail in our cities or industrial communities if the farmers are denied an equal opportunity to enjoy them.

II

The opposition to surplus-control legislation has picked the equalization fee as the vital point in this legislation, and special efforts have been made to eliminate such a provision from any bill that may be passed by Congress.

One by one the other objections which for four years have been urged against farm relief legislation have been abandoned. The most unreasoning opponent no longer denies that the condition of agriculture is desperately bad; and all but a few concede that there is nothing in present conditions and tendencies which promises relief. Only a negligible number any longer deny that the agricultural situation justifies constructive aid by the Government.

The plain and simple terms of this measure supported by representative farm organizations have silenced, if they have not convinced, the partisans who have been shouting "price fixing." "subsidy," and "Government in business," but every opponent of this legislation now joins in the chorus of opposition to the equalization fee. The entire controversy, in Congress and out of it, over farm legislation has finally resolved itself into this proposition from the opposition: "Any farm legislation within reason, provided it contains no equalization fee."

It is singular and, I believe, significant, that this fire now centered against the equalization fee comes not from farmers, but from those who a year or so ago were opposing any kind of farm-relief legislation. In the last analysis, the farmers will pay the equalization fee, and they are here advocating it, not opposing it.

The reason for all this is obvious. The fee is the crux of the whole situation. Surplus-control legislation without the equalization fee would be unworkable and ineffective, unless we are to turn to direct or indirect Treasury subsidy, which the farmers do not want, the country will not support, and which, in short, is unthinkable.

III

Opposition to the equalization fee has been voiced many times in Congress, in personal discussions, and in the press, yet one will have difficulty in recalling more than three definite reasons

for opposition to it. It is argued that it is unconstitutional; that farmers do not want it; and that the fee would be difficult to collect and would require an army of collectors.

As to whether or not the fee is constitutional the Supreme Court probably will be called upon to decide, since able lawyers differ on this question as they have done on all major pieces of national legislation. In my opinion, there are abundant precedents and sound grounds upon which the courts may rest a favorable judgment, but it is not my intention to embody a brief on the constitutionality of the measure in these remarks. The committee report on this bill contains a painstaking and comprehensive study of the constitutional phase which Members of this body would do well to read.

For my part, at this time I want to discuss the practical rather than the legal principle of the equalization fee. This principle is as old as government itself. It is that all beneficiaries of an undertaking shall contribute ratably toward paying the cost. It is new in name only. I can see no difference in its practical effect between the principle involved in the equalization fee and those prevailing in the usual and accepted custom of corporations in their ordinary activities, or the principle employed in local improvements under paving districts, drainage districts, or irrigation districts, or the principles accepted in the Federal reserve act and the transportation act.

Under the provisions of the Federal reserve act every national bank is required to be a member of the Federal reserve bank in whose district it is located, and is required to subscribe to the capital stock of its Federal reserve bank in a sum equal to 6 per cent of its paid-in capital stock and surplus. Only one-half of the amount of this subscription, however, is required by law actually to be paid in, the remainder being subject to call when deemed necessary by the Federal Reserve Board. In addition, every member bank of the Federal reserve system is required to maintain reserve balances with its Federal reserve bank. These are compulsory exactions imposed upon national banks by act of Congress. The national bank that fails or refuses to join the Federal reserve system forfeits its charter.

PARALLEL CASES

Under the transportation act, the Interstate Commerce Commission is directed to prescribe just and reasonable rates in order that carriers may earn a fair return upon the capital invested, and provision is made for disposition of amounts received in excess of what is fixed as a fair return. This likewise is a compulsory exaction.

In both the Federal reserve act and the transportation act Congress has employed the principle of requiring contributions to be made under certain circumstances for a purpose which is conceived to be in the interest of the contributors. I am merely seeking to establish these as practically analogous to that provision of the McNary-Haugen bill which requires a ratable contribution to be made by the beneficiaries for the regulation and control of interstate and foreign commerce which this measure seeks to establish. I do not here assert a precise legal analogy, but rather a practical one, between the equalization fee in the pending bill and the stock-subscription requirement of the Federal reserve act or the recapture clause of the transportation act. The question which the courts must at last decide is whether Congress has the power to regulate commerce in the manner provided in this measure; and if Congress has that power, then whether the equalization fee is necessary to such regulations; and, finally, if it be admitted that Congress has the power, and that the equalization fee is essential to its exercise in this manner, then whether the equalization-fee principle contravenes to an unjustifiable extent any other provisions of the Constitution, such as the due-process clause of the fifth amendment.

My personal judgment is that on these points the courts will hold with the majority of Congress, which has expressed its belief that it has the power to enact this legislation.

It is claimed, as a second reason for opposition to the bill, that farmers themselves do not want it. To me it is significant that during all of the years of hearings and debates during which the various surplus-control proposals have been considered by Congress, not one single responsible farm organization, through its properly designated officers, has appeared before the Committee on Agriculture in either House of Congress in opposition to the equalization fee in the bills. On the contrary, representatives of practically all of the responsible farm organizations and cooperative associations handling widely grown staple crops believe in it.

It is true that the officers of the National Grange favor the debenture plan, which is an indirect subsidy, in that it would convert import duties into export bounties, thus directly lessening the revenues of the Government, but the grange has carefully refrained from going on record in opposition to the equalization-fee plan. On the contrary, upon at least one occasion in the past the duly authorized representative of this organization testified before the committee of another body in favor of the McNary-Haugen proposal.

ANOTHER CHARGE REFUTED

As to the third charge, that the collection of the equalization fee will be difficult or impossible, I believe it can be demonstrated that it would be a simple matter.

The bill provides (sec. 8, par. (c)) that—

> Under such regulations as the board may prescribe, there shall be paid, during a marketing period for any agricultural commodity and in respect of each marketed unit of such commodity, an equalization fee upon one of the following: The transportation, processing, or sale of such unit. The equalization fee shall not be collected more than once in respect of any unit. The board shall determine, in the case of each class of transactions in the commodity, whether the equalization fee shall be paid upon transportation, processing, or sale. The board shall make such determination upon the basis of the most effective and economical means of collecting the fee with respect to each unit of the commodity marketed during the marketing period.

Paragraph (d) of the same section provides that—

> The board may by regulation require any person engaged in the transportation, processing, or acquisition by purchase of any agricultural commodity—
>
> (1) To file returns under oath and to report in respect of his transportation, processing, or acquisition of such commodity, the amount of equalization fees payable thereon, and such other facts as may be necessary for their payment or collection.
>
> (2) To collect the equalization fee as directed by the board and to account therefor.

Paragraph (e) provides that—

> The board, under regulations prescribed by it, is authorized to pay to any person required to collect such fees a reasonable charge for his services.

This last provision should remove all doubt as to the willingness of any agency to collect the fee. The procedure can best be shown by outlining a few examples of how the fee might be collected on a few commodities in the manner provided in the bill; that is, upon transportation, processing, or sale.

TRANSPORTATION

In the case of cotton the board might find that the "most effective and economical means of collecting the fee" would be upon "transportation." The amount of the fee would have been determined and published as a certain amount per pound or per bale, which amount could be collected without expense or difficulty by the transportation company along with the freight charge. The carriers would be required to remit the amount of fees collected directly to the board, which would deposit the remittance in the stabilization fund for cotton. The farmers would know the amount of the fee, and it would be reflected in their price, just as is freight, but the labor and the expense of collecting the fee in this manner would be very little.

In case cotton is delivered by wagon or truck direct to the mills, or to market for export without intervening handling by a common carrier, the equalization fee could be collected on "sale" under the regulations prescribed by the board. In other words, the regulations of the board might provide that in all cases when cotton was moved by common carrier the fee should be collected on "transportation," otherwise the collection should be upon the "sale" as defined in the measure.

PROCESSING

In the case of wheat the board might find that "the most effective and convenient means of collecting the fee" would be upon "processing." After the amount of the fee had been determined and published, the board might by regulation require that the millers remit the fee on the quantities of wheat processed by them. The amount of the fee collected would be remitted to the board at required intervals, and the amount collected on each bushel would be reflected in the farmer's price just as is the freight. It is apparent that if the fee is collected upon "processing" in the case of wheat, such quantities as are imported from abroad would be subject to the fee on the same basis as domestic wheat.

The export market takes the largest part of the wheat that enters commerce but is not milled. It has been argued that since it might be impossible under the Constitution to collect the fee upon the last sale for export, it might be that the exported wheat would escape payment of the fee, and that this would increase relatively the amount of the fee collected upon processed wheat. But on close examination this apparent in-

equity disappears, since it becomes evident that exporters would have no advantage over flour-exporting millers, even if the former paid no fee and the millers did, because both would be exporting under contract with the board, and in its payment of costs and losses upon the exports, under the terms of the respective marketing agreement, the board would, of course, take into account the fact that the cost of the flour exports included the fee paid, while the cost of the grain exports did not, and settlement would be made on that basis.

In the case of livestock, since we export but few live animals, the fee could be collected almost exclusively upon "processing," while any inequity between the exporter of live animals and the exporter of animal products would be prevented in the settlement under the marketing agreements, just as in the case of the wheat miller and exporter.

SALE

Tobacco may be used to illustrate the case where "sale" might be found "the most effective and economical means" of collecting the fee. Every buyer of tobacco is registered and numbered and is required to make a report to the Treasury Department each month showing the number of pounds and the kind of tobacco he has bought during the month. After the amount of the fee had been determined and published, each buyer could be required to remit the amount of the fee, as directed by the board, for all the tobacco purchased during the preceding month. The money could be remitted either to the Treasury, to be turned over to the board, or to the board directly as required. At the end of the operating period the board would have received the amount of the fee from every pound of tobacco purchased without setting up any new machinery of any kind.

IV

It is still contended by some of the opponents of this legislation that the job could be done by voluntary action through cooperative associations without Government intervention.

Theoretically the banks of the country could have cooperated in the control of their credit resources and brought stability without Federal legislation, but actually the task was impossible and Congress by the device of the Federal reserve act created a plan of stabilization and compelled national banks to provide ratably the capital necessary to operate it.

Theoretically it was possible for the many railroad corporations to set up by voluntary action agencies necessary to equalize railroad returns. Actually effective voluntary cooperation was impossible. Hence, by the device of the transportation act Congress provided the necessary supplement to voluntary action. If I cared to occupy the time of the Senate at length, these examples might be extended indefinitely to prove that when the public good can not adequately be served by voluntary action, it has been the settled policy of our Government to provide by legislation the means to the desired end. Frequently it is nothing more than a device by which the minority may be required to conform. The device varies with the subject matter. It was compulsory stock subscription in the case of the Federal reserve act; it was compulsory pooling of excessive earnings and distribution thereof of the transportation act.

It may be argued that it is possible for all cotton growers, for example, to cooperate in withholding the unneeded portions of their crops from the market in years of large production and in feeding it back again as needed, but actually such a thing is impossible, as has been demonstrated in many cases.

The same is true of all other agricultural commodities that may be widely grown. All farmers never will join cooperative associations, just as all national banks would never voluntarily join the Federal reserve system, and just as all railroad corporations would not voluntarily surrender a portion of their earnings for the benefit of other roads.

A fraction of a group will not voluntarily assume the entire cost of a service to the entire group and continue to bear that cost indefinitely. Quite a number of farmers' cooperatives in the United States have undertaken to stabilize markets by carrying seasonal surpluses over into the next year; but in every case the effort has failed, and in some cases the cooperative itself has been wrecked, because, even in cases where the act of the cooperatives resulted in a substantial benefit to all the producers, the outsiders escaped the costs, and thus benefited relatively more than did the members themselves.

V

The leading farm organizations and cooperative associations of the country tell us they believe they will be able to do the job with the aid of the device suggested, since the equalization fee would compel all the producers of a commodity, whether or not members of a cooperative association, to pay from the benefits received their share of the cost of the stabilization of the commodity. These cooperatives tell us frankly that they can not accomplish the desired results without the equalization fee.

Congress, by the enactment of the Capper-Volstead Act of 1922, and the act of 1926, to create a division of cooperative marketing, as well as by numerous other acts, such as the rural credits act of 1923, looking toward better credit facilities for cooperatives, has recognized the principle of cooperative marketing.

The President upon every appropriate occasion has expressed sympathy with the development of cooperatives and has voiced the hope that the problem might be solved by them. In his message to the Seventieth Congress he said:

> The main problem which is presented for solution is one of dealing with the surplus production. * * * Price fixing and subsidy will both increase the surplus instead of diminishing it. Putting the Government directly into business is merely a combination of subsidy and price fixing aggravated by political pressure. * * * The Government can * * * assist cooperative associations and other organizations in orderly marketing and handling a surplus clearly due to weather and seasonal conditions. * * * While it is probably impossible to secure this result at a single step, and much will have to be worked out by trial and rejection, a beginning could be made by setting up a Federal farm board or commission of able and experienced men in marketing, granting equal advantages * * * to the various agricultural commodities and sections of the country, giving encouragement to the cooperative movement in agriculture, and providing a revolving loan fund at a moderate rate of interest for the necessary financing. * * *

The McNary bill provides exactly that. As losses and costs of stabilizing farm commodities must be paid out of stabilization funds for each commodity, there will be need for periodical or occasional replenishment. Funds for that purpose would be provided by the particular commodity benefited through the operations made possible by the equalization fee. Under no conceivable circumstances can loans only, whether by the Government or by some other agency, accomplish this purpose.

If agriculture is to enjoy its most favorable markets under fair price conditions, it is essential that it be placed in position to control supply and to feed it out to the markets in response to demand. Our farmers may produce more of some crops than the domestic demand will absorb at a fair price if all of it is thrown into the home market. Yet there are markets abroad that need what we have to sell. To be sure, their prices are fixed by production costs lower than ours. The problem is to sell in such markets abroad and still maintain an independent domestic market that is related to our home cost of production; or, as in the case of cotton, to influence the world's price through the control of surpluses in strong hands close to the growers in this country.

That the large industries have found a way to engage in export trade without permitting the price for the portion sold in export to influence adversely the price at home is not denied.

The late Judge Elbert H. Gary, of the United States Steel Corporation, in the last annual report of that corporation published before his death, explained quite frankly that steel export prices are not permitted to establish domestic prices when he said:

> Prices received in 1926 were fairly stable throughout the year, with, however, a downward tendency. Prices obtainable in the foreign markets, and to some extent for domestic tonnage in markets bordering on the Atlantic, Gulf, and Pacific coasts of the United States, were, however, relatively low, owing to the severe competition of European manufacturers, whose labor cost in production and transportation cost in delivery were materially less than that of the mills in the United States. As a consequence, the direct profit results from the export business as a whole were not fully compensatory for the proportion of capital invested and employed in the business.

This is simply one illustration of the manner in which industrial organization, assisted by protective legislation, disposes of its output to its own advantage. Farmers in the United States help pay the bill. At the same time, they lack an equivalent power to dispose of their output in a manner which would enable them to bring the domestic prices on their products up to a fair relationship with the things they have to buy.

VI

It is unthinkable that we should refuse farmers an opportunity to protect their home market, or, if and when loans can not accomplish the desired result, that we must resort to Government subsidy for 30,000,000 people. The farmers do not want a subsidy. The very suggestion is distasteful to the American mind, and it offers a spectacle of 30,000,000 of people when in need reaching their hands into the Treasury, and suggests the time when another group, in similar straits, may demand a dole also—and they will not be denied if the precedent is once established.

Any plan of subsidy compels an involuntary contribution or "equalization fee" to be paid by the whole people, since it

draws from the Public Treasury, as contrasted with the McNary bill, which would secure its contribution or "equalization fee" from the particular growers benefited.

We must recognize that the very nature of our Government is rooted in our respect for property rights. No group of our citizens have been more ardent in their loyalty to this principle than the farmers. To put them upon the dole system might mean, and I believe it would mean, the beginning of the end of their respect for the property rights of other groups. To deny them this legislation with the equalization fee is to deny them admission into the protective system. I repeat, it matters not in principle whether we have a Republican or a Democratic tariff.

They offer to pay the cost of the experiment themselves out of the benefits they expect to receive; and as it is conceded that all new legislation is experimental, why should they be denied the right to make this experiment?

Mr. SMITH. Mr. President, before the Senator takes his seat I should like to ask him one question in reference to the principle involved in this bill.

I can understand how wheat, which has to meet the competition of the world, could be benefited by virtue of a tariff on wheat when, through the processes of this bill, the Government shall cooperate with the cooperative associations to control the price, directly or indirectly, and in the case of whatever surplus is exported abroad to meet the competition of the world the difference between what it sells for here and the loss that is sustained in the export shall be made up by the equalization fee. I can understand that thoroughly, and how it might and perhaps would benefit the wheat grower. The same thing might be true of those who are engaged in the animal industry.

In regard to cotton, however, the great American monopoly, I have studied carefully to see in what respect, other than controlling the surplus, to which I will call attention in just a minute, the equalization fee could operate—it might be there nominally—for the reason that seventy-odd per cent of all the world's cotton is produced in America, and 90 per cent of all the spinnable cotton, as it is known to the spinners, is produced in this country; so that whatever price is fixed in America fixes the world's price.

There is no cotton, broadly speaking, that comes in competition with American cotton. The only thing that competes with American cotton is American cotton. That paradox can be explained on the ground that during periods of excess production and very low prices Europeans buy in large quantities, and it has been the case that when the price rose in this country at the beginning of the production of another crop that cotton has been reexported to this country at a profit. American cotton has been brought back to America from the Old World. Even then, however, American cotton is fixing the world's price for cotton; and if by any means, by this bill or any other device, the producer is able to control his surplus, we need not have any equalization fee, for the reason that the minute you establish an American price you have established a world's price for cotton.

That is not true of wheat. It is not true of any other farm product that is made in quantities equal to or in excess of American production; and I was thinking that perhaps the bill would be more readily accepted by those producing cotton if the so-called equalization fee, as it is really not necessary, were given some other terminology, or if an explanation were placed in the bill that would indicate that no tax should be imposed other than the interest that would be essential upon the money devoted to removing the surplus from the market, because there could be no loss unless the surplus was bought at a price which, joined to a subsequent crop that was made, would be lower than the money advanced to take care of the surplus; and I do not think any business man would permit such an exigency as that to arise.

Mr. SIMMONS. Mr. President——

Mr. McNARY. Mr. President, will the Senator let me make just one statement? If the Senator has studied the bill, as I assume he has, he knows that the equalization fee for cotton applies only in the event that there is a surplus in excess of orderly marketing, for the purpose of steadying the flow to the foreign world, and, therefore, maintaining a higher world price.

Mr. SMITH. Yes.

Mr. McNARY. It is not a tax in any sense any more on cotton than it is on wheat.

Mr. SMITH. No.

Mr. WATSON. It is purely a withholding proposition to feed it in as the market demands.

Mr. SMITH. Yes; but there is this distinction: If we have a certain amount of wheat in this country, and if there is a tariff on wheat—which there is—undoubtedly, through the proper organization of this machinery, you can fix an American price that is equal to the tariff, but you can not fix a world price; and the difference between the exported wheat and the domestic wheat sale, which is the measure of the tariff, would be lost in the export wheat. Therefore, you have an equalization fee to reimburse the Government for whatever loss might be entailed in the price of the export wheat, which, joined to the excess price that the American millers would pay, might and perhaps will show a profit. That is not true of cotton, however, because the export cotton is going to bear identically the same price that the domestic cotton does, for the reason that it has no competitor. It does not have to meet any world price. The American price is the world's price.

Mr. McNARY. Mr. President, that is true; but is not this a fact that accompanies the Senator's argument: If the American supply is orderly distributed to the world's market, it would have a tendency to stabilize the market?

Mr. SMITH. Oh, to be sure; and that is the distinction I am making.

Mr. WATSON. That is all there is to it as far as cotton is concerned. It is a withholding process so far as cotton is concerned.

Mr. SMITH. Not meeting competition.

Mr. WATSON. Taking the surplus off the market and feeding it in as the market demands.

Mr. SMITH. And the only expense would necessarily arise from the interest and whatever fee it would be essential to contribute for the upkeep of the machinery; but so far as paying an equalization fee is concerned, there is going to be nothing to equalize. You have got to equalize the foreign price for wheat with the domestic price; and, when you have brought them together, whatever difference there is the farmer will pay. He must pay it under the terms of this bill.

Mr. WATSON. Why, certainly.

Mr. SMITH. To illustrate, suppose we had 2,000 bushels of wheat, and that we consumed a thousand and exported a thousand. Under the present system the domestic price is the world price, and the farmer gets no benefit of any tariff. The domestic price is the world price. Suppose we were to put into effect a tariff of 50 cents a bushel, and the domestic man paid $1.50 a bushel for the domestic wheat and the export wheat brought a dollar. The 2,000 bushels of wheat—let us say it was a dollar a bushel—would bring $3,000, whereas sold in the world market it would bring only $2,000. So that the farmer has gotten for the 2,000 bushels $3,000—that is, he sold his domestic wheat for $1.50 a bushel, exported for $1. He has made by that proposition. The equalizing fee that he would have to pay would be $500. So that he would make $500, because he would have to equalize the price, domestic and foreign. Not so with cotton, because the domestic price would be the foreign price.

I do not believe we would export any other thing except wheat and corn, but the difference between the world price and the domestic price is going to be what you have to equalize.

Mr. GOODING. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. GOODING. Does not the Senator believe that cotton will occupy a more favorable position in this bill if it becomes a law than the wheat growers' product, because he will stabilize the world's price, and the wheat grower can not do that?

Mr. SMITH. There is much fear about it not appealing to the farmers on the ground that they will have to pay a tax—an equalization fee—at the gin or on the railroad. In the case of wheat, as I explained a moment ago, I do not think many of them see the point that is involved in the protective tariff on wheat. We export about one-third of our wheat crop, or did for a while. I think it is higher than that now. Whatever amount we export the farmer will be guaranteed the domestic price plus the tariff. He is supposed to get that for all his wheat.

Mr. WATSON. But he does not.

Mr. SMITH. To illustrate, suppose we raise 2,000 bushels, and ship a thousand bushels, with the tariff 50 cents a bushel; fixing the price at $1.50 a bushel will not mean the farmer will get $1.50 a bushel for 2,000 bushels; he will get $1.50 per bushel for the thousand bushels used domestically.

The farmer has to pay the difference. He does not get $1.50 for 2,000 bushels; he gets only $1 for 1,000, and he equalizes that price by paying the difference between the domestic price and the export price. That is the theory of this bill.

I used an illustration a moment ago, saying that we exported as much as we consumed domestically. You would have to

double the price in this country in order for the farmer to get any material benefit if he sold in the world's competitive market. But that is not true of cotton, because we have a monopoly of that, and the only benefit that would come to us—and when I say "only" I do not mean it in any disparaging sense—would be by the formation of an organization that would take the surplus off the market and hold it for the lean years, and distribute it as the world needed cotton, at a price that would at least reflect a reasonable profit to the producer. But I do not believe that we ought to incorporate in the bill, so far as any commodity that sets the world's price is concerned, what we would term an "equalization fee." There is nothing to equalize. The moment you fix a price on American cotton you fix a price for the world. It has no competitor, none anywhere, and what is grinding not only the cotton grower but the wheat grower is the fact that he has no say so in his market. I make the statement that the price is not fixed in this country at all; it is fixed abroad. There is the monstrous proposition of this proud American people producing a world necessity, cotton, which has no substitute, and yet Liverpool fixes the price every morning of the American production.

The same is true of wheat. The foreign market fixes the price, and I am going to support this bill on the general principle that the American farmer can not be any worse off; he has to look up to see the bottom now, and though it may be a mistake, it may not work out right, I am going to join forces with those who I believe are sincere, and attempt to legislate some plan by which the American farmer may be able to get into the picture with some degree of prosperity, and revive some hope to the rapidly despairing element that feeds and clothes us.

Mr. McNARY. Mr. President, I welcome the Senator into the ranks of the supporters of the bill. I am very glad he made that remark. I welcome his support this year.

I want to present, in one word, the situation as I believe it affects cotton, and if the Senator will agree with me, perhaps there will be no difference whatsoever with respect to that commodity.

We must agree that the 60 per cent of cotton we use moves into foreign markets and therefore receives a world price. If there is any machinery by which that cotton can be marketed in an orderly way through the season, which would effect at least an increase in the world price, it would be reflected in the domestic price. Consequently the purpose of the equalization fee, as applied to cotton, is to collect a fee—we will say one-fifth of a cent a pound, which would be $1 a bale, and in a production of 18,000,000 would be $18,000,000—which would be used to withhold for the purpose of orderly marketing the surplus that was depressing the world's market. That is the theory, an indisputable theory, in my opinion, entirely workable and feasible, one that would react in a higher price for cotton if we employ the method which the Senator himself has said ought to be understood.

Mr. SMITH. The Senator has stated the case clearly. It is not an equalization fee, but a sum collected, or a reserve fund gathered, for the purpose of preventing the dumping of the surplus on the market to the detriment of the other portion of the crop.

I will have something more to say about the bill, unless it should pass as the flood control bill did; but I want to say that the hearings we are having now, in the probe into the slump in the price of cotton, are bringing out facts sufficient to astound any man, information not only as to the marketing of that product but typical of the marketing of all staple farm products.

The orgy of speculation, the violent fluctuations of wheat and cotton, indicate how the producer is absolutely at the mercy of the speculative element. It is clearly evident that if the agricultural interests of this country are to be put on a footing with the manufacturing industries of the country, somewhere, somehow, by some kind of organization, the farmer must be able to hold his products and market them when they reflect a reasonable profit to him.

So long as the buyer of cotton and wheat and other farm products has the privilege of fixing the price, all our work is in vain. Until and unless the producers of the different agricultural products of this country are enabled, through their own initiative or by the aid of the Government, to so organize themselves that they can calculate the cost of machinery, the taxes, the overhead, all incidental expenses that go into the producing of the article, and then realize the reimbursement on the sale—until that is accomplished agriculture will never be other than what it is to-day. It is idle to talk about it.

If this bill shall be a step in the direction of enabling the farmers, through proper organization, to have a measure of control over the production and the prices of their products, within reasonable limits, we will have accomplished that for which agriculture has been waiting all these years, and I believe there was never a more propitious time for such a step than now, with the facilities for transportation and the facilities for communication and getting knowledge to them that we have now.

The farmers of this country in every market center should have provision for radio broadcasting, by which every day intimately and particularly the conditions of the market and the demands may be broadcasted to them. I believe that is one facility we ought to insist should be available for the agricultural interests of this country, under their own control, and I hope this bill will be a step in the direction, not of the Government permanently marketing and controlling farm products, but granting to the farmers the facilities by which they can organize themselves, as the protective tariff did for manufacturing, not in the same direction and not, perhaps, by the invocation of the same principle, but at least extending the powerful credit of all the people to enable those who feed and clothe us to be protected.

Mr. BARKLEY. Is it not contemplated by the bill that before the board acts in any case the initiative must be taken by those who speak for the growers of whatever crop is involved? The board could not of its own initiative simply levy the equalization fee in order to accumulate the funds to take care of some imaginary surplus that might exist in the future. The emergency must arise, as I understand it under the terms of the bill, to such an extent that those who speak for the farmers will apply to the board for a declaration of the operating period.

Mr. BORAH. The board might act upon its own motion.

Mr. McNARY. Mr. President, the Senator from Idaho is right. The old bill provided that before the board could act it must consult a large number of cooperatives and farm organizations. There was a provision written in the old bill that if in any section of the country a particular commodity was raised where 50 per cent was not represented by cooperatives, there should be a county assembly. That suggestion was made by the Senator from North Carolina.

Mr. SIMMONS. Yes; by a separate amendment.

Mr. McNARY. It was one of the items that offended the Attorney General. In the bill now before us we are proceeding upon the assumption that the board is not going to abuse its power. No bill was ever written into law that attempted to say what the board must do on all particular occasions, nor could we write such a stupid measure. In this case the board, having general power to act as in all matters of wise legislation, can proceed on their own motion, but the language is that they shall confer with cooperative organizations and farm groups and the advisory council before a marketing agreement is entered into.

The practicability of the plan is simple. The board, having these general powers, no broader than contained in hundreds of bills that have proven satisfactory from a legislative and administrative standpoint, and being composed of rational and reasonable men, would consult the advisory council and farm groups and organizations raising the particular commodity in relation to which agreements are about to be entered into, and if in their judgment it is the part of wisdom that the marketing agreement should be entered into which would finally invoke the equalization fee, that would be done, and only in a case of that kind.

Mr. GOODING. Mr. President, I am sure it would be helpful if the author of the bill would proceed in explanation of its provisions. I am sure he is going to answer all these questions and give the Senate a complete understanding of the terms of the bill. Then we can proceed to debate it.

Mr. BROOKHART. Mr. President, I would like to have an opportunity to ask the Senator from Indiana [Mr. WATSON], who opened the discussion, some questions before he leaves, as I understand he is compelled to do.

Mr. ROBINSON of Arkansas. Mr. President, before we leave the immediate subject matter under consideration—that is, under what conditions the board will begin operations in a given commodity—I desire to say that I understand that under the pending bill, as under former bills, the board must find "that there is or may be during the ensuing year a domestic, national, seasonal, or year's total surplus in excess of the requirements for the orderly marketing" of the commodity to be dealt in; so that in no event may the board operate in a commodity until it finds that there is either a surplus in excess of domestic requirements or one in immediate prospect.

Mr. McNARY. Mr. President, the Senator from Arkansas is quite right, but there are still two other findings to make. That, however, is not the point that was raised, I may say to the distinguished Senator from Arkansas. It was what forces must operate before the board will start a marketing agreement or

period. In the old bill, may I repeat, it was started upon the advice of the advisory council and of a substantial number of cooperative associations in farm organizations. It was held by the Attorney General in his opinion to the President of the United States that that was a delegation of legislative power. Consequently, in this bill we have overcome that constitutional objection by providing that the board may on its own motion start a marketing agreement after it makes these three findings of fact.

There is also a suggestion in the bill that the board should consult the advisory council and also cooperative associations and farm organizations.

It is true that the board may initiate operations on its own motion, but it must find three facts, as suggested by the distinguished Senator from Arkansas [Mr. ROBINSON]. What are they? Namely, one, that there is a surplus above orderly marketing or above the requirements of domestic consumption. Two, can the board through local and cooperative associations handle this proposition or are the associations unable to assume that responsibility? Three, is the particular commodity adapted to a marketing agreement by reason of its physical characteristics or the manner of processing? When the board shall make the three findings which I have just mentioned it may enter into marketing agreements with cooperative associations.

Mr. ROBINSON of Arkansas. And it must make those findings public?

Mr. McNARY. Absolutely, as a condition precedent to operation.

Mr. ROBINSON of Arkansas. I cited that provision of the bill to show that, after all, arbitrary power is not vested in the board by this bill, but that the board must proceed in an orderly manner to determine the necessity for operation before there is any basis for its dealing in a commodity.

Mr. BORAH. But what I have in mind, Mr. President, is what is clearly stated in the bill. The jurisdiction of the board did not obtain under the old bill until certain parties had manifested their desire that it should act. Under the pending measure the jurisdiction of the board would obtain whenever the board wished to act.

Mr. ROBINSON of Arkansas. No; but only when the board finds the existence of facts defined in the proposed law to justify action.

Mr. BORAH. That is what the board proceeds to do after jurisdiction is obtained, but, in the first instance—that is to say, with reference to acquiring jurisdiction, the board may take jurisdiction whenever it gets ready to do so.

Mr. ROBINSON of Arkansas. It may enter upon an investigation, but unless it finds the facts referred to by the Senator from Oregon [Mr. MCNARY] to exist it has no authorization under the proposed statute to proceed.

Mr. McKELLAR. If the Senator from Arkansas will look at line 20, on page 10 of the bill, he will see that the board has publicly to declare its findings; it not only has to declare its findings but it has to publish them.

Mr. BORAH. It has publicly to declare them, but the fact that those findings shall be publicly declared does not place any restraint upon their action. Those interested may read the findings, but the board is not restrained in any way by that fact, and nobody can take an appeal from the board.

Mr. McNARY. Of course, after the board finds these facts to exist, I repeat it may upon its own motion start an operation; there is no doubt about that. I do not proceed upon the theory, however, that the board is going to abuse that power. The board is given these powers for the purpose of helping agriculture, and any man who stands on this floor and assumes the bill to be bad because the administrator might abuse his power will never be found voting for the bill.

Mr. ROBINSON of Arkansas. Will the Senator from Oregon yield to me?

Mr. McNARY. I yield.

Mr. ROBINSON of Arkansas. Unless that power shall be given to the board the probability is that there will be no effective operation under the provisions of the bill.

Mr. BORAH. Mr. President, I did not assume that the bill was bad because of that fact; I merely undertook to state the provisions of the bill.

Mr. HARRIS. I am quite willing to vote for anything that the western Senators think will help the producers of wheat.

Mr. SIMMONS. So am I.

Mr. HARRIS. I can understand how the bill might help them a great deal because of the protection given wheat, while the cotton producers would not be benefited in the same way. I should like, however, to ask the Senator from Oregon a question. The Senator from North Carolina has referred to an 18,000,000-bale cotton crop which we may have any year——

Mr. SIMMONS. Which we had last year.

Mr. HARRIS. And he has referred to the small amount that would be collected from an equalization fee, and he stresses that point. Suppose we should have an 18,000,000-bale cotton crop this year. I should like to know from the Senator from Oregon exactly how the equalization fee on cotton would be collected and how much it would be.

Then I should like to ask the Senator another question. Suppose there should be a slump, as there was last year, which would involve a loss of a hundred million or two hundred million dollars in the price of cotton, and there was only an equalization fee of a dollar a bale, amounting in all to $18,000,000, how would the farmer be protected from great loss? Suppose, furthermore, that the following year there should also be a loss. I am not asking the questions in the way of criticism; I am asking for information. I am anxious to do anything to help the farmers, but taxing him does not help.

Mr. McNARY. I gave in a very brief way my impression of that general subject a few moments ago in discussing the question of the Senator from North Carolina [Mr. SIMMONS].

Mr. HARRIS. I did not happen to be in the chamber at the time.

Mr. McNARY. If the Senator will bear with me and let me fashion my own remarks in my own way I will come to that some time during the debate; but this afternoon I promised myself, at least, that I would discuss, rather informally, the bill as distinguished from its predecessors. I should like first to do that before going into other phases of the bill having to do with its administrative application.

Mr. HARRIS. I will be glad to have the Senator answer the question in his own time.

Mr. McNARY. I appreciate the courtesy of the Senator.

Mr. President, I propose briefly to discuss the pending measure. I am not unmindful of the observation that is sometimes made that a Senator who speaks on his own bill is, perhaps, filibustering against its passage. I think that is true in a general way, and I would not speak upon this bill if it were not for the fact that it contains some provisions that are new and which were not found in the bills of similar nature which we have considered heretofore.

I do not know of anything I could say that would throw any particular light upon the old bills and the controversies that have waged about them during the years 1926 and 1927. During those two sessions of the Senate I spoke quite at length upon the bills which had the same general purpose, though perhaps omitting some refinements and changes that are in the pending measure.

The committee has prepared at great length a report, which in my opinion sets forth all of the changes in a very clear way; and I recommend to the Members of this body the reading of that report.

I shall not discuss the general question of agricultural depression. That subject has been discussed every year we have had this bill up for consideration. It is a condition which now obtains, and is universally acknowledged.

The President, in various messages and speeches, has declared that there is a farm problem. I only desire to cite two witnesses in this regard who I think will offer indisputable evidence that there is a farm problem.

I refer to the United States Chamber of Commerce and the National Industrial Conference Board. After collaboration and a study of this problem for a great many months, in December of last year, in a report by Mr. Charles Nagel, the chairman, they said:

> The evidence is clear that American agriculture has undergone a prolonged and trying readjustment to postwar conditions, in the course of which those engaged in it have suffered seriously in their relative economic prosperity in comparison with those engaged in other fields. On the human side, it has been deprived of the energy, experience, and knowledge of many thousands of farmers who have lost their resources and have been persuaded or compelled to leave the farm for other occupations, while the land resources of the Nation have been impaired by neglect and wasteful exploitation under the pressure to which those who remained on the farm have been subjected.

I cite these two great organizations as showing that there is a farm problem; and for that reason I do not desire further to discuss the subject.

I think, Mr. President, all agree that the one great problem is the problem of the surplus, and how to deal with it.

Whenever there is a surplus, it is an economic adage that that surplus fixes the price for the whole commodity; and, inasmuch as it is necessary for the producers of the country to sell this surplus in foreign markets, it naturally follows that the price obtained by the American producer is the world price; and so long as we are working and living under a protective tariff, it is not fair to the farmers of the country to be compelled to sell

their whole product on the foreign-price level, and buy that which they need and must have in a protected market. That is one of the cardinal principles and one of the foundation stones upon which this measure is built, as were all of its predecessors.

It is true this bill differs from some of the bills which have been here before. There are far-reaching changes, but they are all addressed to the same problem and are built upon the same general principles. I think it might be well for me at this time to discuss one of the radical changes that have been made, and yet it is not so radical in substance as it appears to be from a general, cursory reading of the bill.

In this bill there are two separable remedies. We have first adopted the remedy of loaning money to cooperative organizations for the purpose of promoting the orderly marketing of farm products, or to loan them money for the purpose of acquiring the surplus products and selling them or making such disposition of them as in their judgment seems best. This provision was in the last bill, but not precisely in the same form. Such a scheme, complete in itself, has been advocated by the Secretary of Agriculture, Mr. Jardine. We have been told by him that that remedy would be effective, and during a cycle of a great many years—I think he used a period of five—the losses would perhaps be quite absorbed by the gains.

I have never been so hopeful an advocate of this plan proposed by the Secretary of Agriculture. I have thought we needed a more heroic scheme. I have believed, however, that the loaning of money to cooperative organizations might, when the surplus was small, or as it affects some commodities, be efficacious. I still entertain that belief; but I am not one of those who advocate the theory that the whole job can be done by the loaning of money.

I know it will be said that the farmers have received too much money; in other words, that the money they have borrowed has been too easily obtainable. That situation and statement does not apply to the plan set forth in this measure. Here we propose to loan up to $250,000,000 from a revolving fund to cooperative organizations that are willing to borrow the money to withhold a surplus until there is a time of famine or scarcity, and then market it.

What would be the advantage in that procedure to the association? It would be simply that the members would not pay the equalization fee, and they probably would sell the product at a profit which would inure to the benefit of the members of the cooperative organization.

I want to say to some of my friends who are very much interested in this proposition, and perhaps a little skeptical, that I do not believe that remedy could apply effectively to the surplus of wheat in the ordinary year; but if there is a small surplus of other products which might occur to your own imagination at this time, I can see how a temporary or seasonal surplus, or even a year's surplus, might be handled through the borrowing of money at 4 per cent to withhold the producers' products until there was a season when it could be sold at an advantageous price. The same provision was in the bill last year, practically in the same form that it is in this bill, with the exception that while authority was given to the board last year to make loans to cooperative associations of the same amount of money in quantity at the identical rate of interest, this year there must be a finding by the board that they are unable to handle the surplus because the cooperatives will not undertake it by borrowing the money, or are unable to do it. We simply make that one of the necessary findings for the purpose of indicating to those who have attempted to say the problem could be solved by the loaning of money that an honest effort was made to handle it in that fashion. Then, if the board finds that the cooperatives are not interested in borrowing the money for that purpose, or that they are unable to loan the money they have borrowed, the board, with the other two findings, can start a marketing operation.

That is the difference between last year's provision regarding loans and this year's provision regarding loans.

There has been some misunderstanding about that provision. I did not know it until to-day, but some of the Members of the Senate told me they had telegrams and letters criticising this particular change. It is a change, but it is a change for the better. It is an honest effort made by the board through the loaning of money to handle the surplus problem; and, let me repeat, I am not deceiving myself when I say that I do not think the whole of the problem can be solved in that fashion. There are certain surpluses that will be too large for that purpose, but there are surpluses of certain commodities in certain years and in certain seasons and sections that, in my judgment, can be handled in that manner. I challenge anyone who has studied this bill and the plan to demonstrate that it is not a practical, businesslike proposition.

Mr. President, one of the criticisms of President Coolidge last year, when this bill was sent to him, was that Congress was playing favorites with certain agricultural commodities. Because we enumerated in the vetoed bill five basic commodities—namely, wheat, corn, cotton, hogs, and tobacco—it was said that we were not in sympathy with the producer who raised other agricultural commodities, and therefore that the bill was not fair to agriculture generally. That was also the comment of the Attorney General in his criticism of the bill to President Coolidge. This year we have tried to be sympathetic to all and generous to every producer of agricultural commodities; and in the declaration of policy found in section 1, and throughout the bill, reference is made to all agricultural commodities. Nothing can be broader than that, and I hope it will satisfy the President.

On that subject I may say that in the last few days criticisms have reached my office that perhaps that is too broad. It was said that we were not broad enough before. We may be too general now. My very esteemed and able friend, the senior Senator from New York [Mr. COPELAND], has brought to me complaints from the apple growers. I have received from other Senators, from the growers of apples and fresh fruits and vegetables protests running from the State of Washington to New York and into Virginia.

I can see how easy it would be to misunderstand that this bill carried nothing but an equalization fee, because practically all the discussion of this bill has been on the equalization fee; and the group of producers who believe that whenever the board attempted to operate under this bill it would operate for the purpose of levying a fee upon some commodity. I can see, as my friend the able Senator from Indiana [Mr. WATSON] said, that the equalization fee is the heart of the covenant, or, I might say, article 10 of the league. It has its useful purpose, but the bill is not dependent upon the equalization fee. It is made better, in my opinion, by its inclusion. Consequently, when the apple grower from the State of Washington, or the pear grower, or the potato grower from the State of Idaho, or the sugar-beet producer from Utah heard about this bill and the equalization fee, he thought that it applied to fruits and vegetables. In my opinion, it does not apply at all. There is one finding, No. 3, which is necessary before the board can enter into marketing agreements: The board must find that the product is adaptable to the purposes of the bill, which would mean the equalization fee in part; that physically it is suitable for purposes of that kind in the way of its preparation, its durability, its processes. Those are facts which the board must find before they are authorized to enter into one of these market agreements.

Anyone who knows the instability and want of durability of fresh fruits and vegetables knows that they do not come within the definition of the finding of the board.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. McNARY. I gladly yield.

Mr. COPELAND. Suppose the vegetables or fruits were put into cans; what would then be the attitude?

Mr. McNARY. I can not speak for the board, of course. That brings about a very different situation. They would then be susceptible to the terms of the bill, and come within the folds of its language, I would say. If a product is canned, its preservability becomes apparent. If there is a surplus of canned goods, and in the judgment of the canner or the producer of canned products he desires the opportunity to take off the surplus and enter into a contract whereby the surplus of canned goods would be withheld until a season where it could be sold at a more advantageous price, it is my judgment that the board could operate on canned goods.

I am in this difficulty, as the Senator must be; this is new legislation, and I do not know what the board would do. I know what I would do if I were a member, and I am giving the Senator the distinction I would make between canned goods and preserves by reason of the processes and fresh vegetables and fruits.

Mr. COPELAND. I have had in mind to offer an amendment at this point to exclude fruits and vegetables, because it stands to reason that they are perishable; but when they are put into cans they become really manufactured products, and I do not believe it would weaken the bill at all if there were an amendment which would exclude fruits and vegetables when they are processed.

Mr. McNARY. I would not commit myself as to what my attitude would be with respect to the amendment. The Senator has an undoubted right to offer an amendment. I would in

no sense feel offended. I do not think the measure applies. I am quite certain it does not apply to a product such as he mentions. The board certainly would not operate without first being encouraged to do so by the producers of this commodity. It was made general, I may repeat, only because the President criticized the bill before for not being sufficiently broad, and it would not hurt the bill in any way if those commodities were taken without its operation.

Mr. COPELAND. Of course, the Senator knows my sympathy for the bill, and I would not seek to present any amendment that would weaken it, but I can see how we might even include rope, or something made from hemp or cotton, some manufactured article which came originally from an agricultural product. So I do think we might have an amendment to the bill which would exclude fruits and vegetables, because, in the first place, they are perishable, and then, if they are put into permanent form, they become manufactured products. So I think that change might be made without weakening the general principle which the Senator has in mind.

Mr. McNARY. I thank the Senator. That section of the bill which refers to the Federal farm board has been changed particularly from the bill that was vetoed last year. In that measure, the Members of the Senate will recall, the members of the board were to be appointed from those who had been recommended to the President by the so-called nominating committee. The Attorney General, in his opinion given to President Coolidge, held that that deprived the President of an undoubted constitutional right—namely, that he had the right freely to exercise his choice in appointing the members of the board, subject to the advice and consent of the Senate.

In order to conform to the general practice which obtains in the fashioning of legislation, this bill provides that the President, unrestricted, without any hamper at all, shall be permitted to appoint the board.

The vetoed bill provided that nominations should be made by farm organizations to the President, whose power to appoint was limited to the list of such nominee. In the present bill there is no limitation or restriction upon the President's power to appoint the board members. He would be entirely responsible for the men named.

This change in the method of appointing the board overcomes one of the objections which the President stressed in his veto, and upon which the Attorney General's opinion as to the unconstitutionality of the former bill quite largely rested. For example, the Attorney General wrote:

> One provision of the act which is plainly in violation of the Constitution is that which limits the President in his appointments of members of the board to select in each district one man from a list of three submitted by a nominating committee.

The President in his veto message said:

> That appears to be an unconstitutional limitation on the authority of the President.

The President in his message also referred to what he called a fact, or perhaps a tendency, that if through the operation of the measure agricultural prices were advanced or price levels were increased, there would be excessive planting or breeding. Some of us, in discussing a similar bill at a former session, disagreed with that theory, but inasmuch as it is a very hard problem to solve, there is a provision in the bill on that very subject to which I shall refer. This bill carries a provision authorizing the suspension of operations with any commodity whenever an abnormal increase in planting or breeding contrary to the board's advice as to a sound program resulted from the marketing agreements.

I do not know how effective that provision would be. No one, perhaps, unless he has the power of prophecy, would hazard even a guess. I have never been a devotee of the theory that because you increase the price of cotton or wheat or standardize the price and prevent violent fluctuations, which do more, perhaps, than low prices to ruin the farmer, there would be excessive planting, but if the board should exercise a helpful and guiding influence upon the producers of the various commodities, and an excessive planting of crops or breeding of livestock should result in an abnormal increase in production, which was against their program, they have authority under this bill not to operate upon that particular commodity to relieve them from their distress—that is, a penalty, plus the other penalty, which I have always thought was a wholesome one, namely, the application of the equalization fee, which increases as the crop surplus increases and decreases as the surplus decreases. So if by the application of the equalization fee there would be a surplus so large as to absorb the benefits, that in itself would be a deterrent to further overproduction that was not thought to be sufficiently powerful to influence the farmers in their planting program. Hence this other provision has been inserted in the bill; that is, in case of excessive planting or breeding, the board can refuse to operate on the given commodity.

I might digress to observe that in all matters of this kind we can not be perfect in our language. There may be provisions in the measure that would prove to be, from the result of experience, not feasible, but it occurs to me, as one who has had a little practical experience in that field, that with a deterrent of this kind, based not upon an arbitrary rule, but one which would be persuasive from the standpoint of study and experience to the agriculturalist, the board itself could render a great service in that field.

Mr. OVERMAN. Mr. President, the Senator may reach the point in his address, but for fear he does not I want to ask him how this new bill meets the objections of the President in his veto message as to the constitutionality of the equalization fee?

Mr. McNARY. Mr. President, I am so fond of the Senator that I would like to refer to that subject now, but I am sure he will pardon me if I defer discussion until a later moment or a later day.

Mr. OVERMAN. Certainly.

Mr. McNARY. Permit me to suggest to the Senator that he read the splendid argument in the committee's report, not made by the chairman or any member of the committee but by the advisory council which so ably represents the United States Senate. I think if he has any misgivings about the constitutionality of the equalization fee, in view of the refinements in the declaration of policy—and it is based entirely upon the power of Congress to operate whenever interstate or foreign commerce is affected—he will be very willing, indeed, to resolve all doubts in favor of the constitutionality of the bill.

There is one thing we must keep in mind on that—and I shall digress for only a moment; I had not intended to at all—there is no more orderly way, in my opinion, to regulate the flow of commerce than by such an organization as is set up in this export surplus bill. There is nothing, in my opinion, that will help more to stabilize commerce than the orderly marketing of agricultural products, and if there is some function, some machinery, created by Congress, based upon the commerce clause of our Constitution, that will prevent the glutting of markets and the overpacking and stocking of market agencies and the transportation system, so that commerce will flow in a smooth, even stream throughout the year—I repeat, there is nothing, in my opinion, that will more clearly and positively carry out the declarations intended by the fathers in the constitutional provision involved in the commerce clause of the Constitution.

Two years ago Senator Cummins, one of the ablest lawyers who perhaps ever occupied a seat in this body, made a speech on the constitutionality of a bill similar to this, based upon the commerce clause of the Constitution. That bill did not as clearly indicate the foundation upon which it rested as this bill does at this time. That is one of the improvements, in my opinion, clearly brought about by this bill, that it is based entirely on the commerce clause of the Constitution and not at all upon any clause appertaining to taxation or revenue.

Proceeding, I promise to conclude in a few minutes. This bill eliminates the State convention scheme which was criticized by the President last year in the veto message. It may be recalled that there was a provision inserted in the bill to the effect that when less than 50 per cent of the producers of an agricultural commodity did not belong to a cooperative association they would call a State convention to determine whether the board should be advised to invoke the equalization fee.

The Attorney General, in his communication to the President of the United States, criticized that as a delegation of power from Congress to outside agencies. The bill now before us eliminates the State conventions altogether and then permits the board to operate on its own motion, intimating, however, that they should receive advice from the advisory council, cooperative organizations, and associations of producers.

Also the President criticized the provision in the bill which permitted the issuance of receipts to those who deliver their cotton to agencies prescribed by the board. The President said, and it is true, that cotton is the only commodity where receipts were given, and those receipts meant simply that if the equalization fee was in excess of the benefits, the money should be returned to the farmer who made the deposit of his cotton. The President argued, perhaps correctly, that no other agricultural commodity was given the same advantage as cotton. It was a small advantage, in my opinion, a mere bagatelle, difficult to identify. But the pending bill in all cases provides that if there is an excess estimate of equalization fee over the cost and charges, it shall go back to the stabilization fund.

Mr. President, there is an entirely new provision in the bill which I shall mention at this time, and that is the clearing house and terminal markets association. This provision was not found in the bill last year nor its predecessor which came before the Senate in 1926. This provision has the sanction of those who are engaged in the handling of vegetables and fruits. It is thought that they should have agencies of this type to help them under certain conditions. I am not speaking now of any transaction that might be operated through the equalization fee. I am speaking about the agencies which borrow money from the equalization fund.

Section 6 of S. 3555 authorizes the board to "assist in the establishment of and provide for the registration of clearing-house associations adapted to prevent gluts or famines in any market for, and to reduce waste incident to the marketing of," any agricultural commodity. It further provides for assistance in establishing "terminal market associations adapted to maintain public markets in distribution centers for the more orderly distribution and marketing" of any agricultural commodity. Only cooperative associations are eligible for membership in such clearing house or terminal marketing associations.

This section is intended to provide a way in which the board can assist producers of perishable commodities like fruit and vegetables, whose nature does not readily adapt them to operations under marketing agreements as provided in section 7. It is felt that such clearing houses can substantially improve conditions under which perishable crops are marketed, by coordinating the activities of shippers for the purpose of preventing gluts in one market while there is an undersupply elsewhere—a condition that frequently develops now.

It was not the intention of the framers of the bill to suggest that fruit and vegetables, on account of their physical nature, should come within the terms of the equalization fee. It is the desire only that those agencies shall be helpful in the orderly marketing of their fruits and vegetables to prevent gluts and famines, which always bring about a violent fluctuation in prices.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Florida?

Mr. McNARY. Yes.

Mr. FLETCHER. What tax or burden is imposed on the fruit and vegetable growers? The general provisions of the bill do not refer to perishables, but here is a provision with reference to marketing, and they have the idea that there is some tax or burden attached to them and that they get no corresponding benefits.

Mr. McNARY. May I repeat to my friend from Florida what I just said? It was not the purpose of the committee, it is not the belief of the committee, and it is not the belief of the chairman of the committee that any of the vegetables or fruits would come under the provision which provides for the levying of any equalization fee. I think that is very clear to the Senator. There is a provision that money can be loaned to cooperative associations, but those cooperative associations have no marketing agencies and clearing houses in the large cities, and it is thought that when they were loaned money to handle their product if they could establish those agencies in the cities under the beneficial influence of the bill and obtain the money which it is provided shall be loaned it would help gluts in certain markets and famines in others.

Of course, there is nothing in the bill that compels or makes mandatory that the clearing houses and marketing agencies should be established, but the authority is given to establish them. They may not do it. The cooperatives may not want those instrumentalities, but if it is found to be practicable—and I am assuming the board which operates the terms of the bill is going to be an intelligent board and in sympathy with the farmer—then they can do it.

Recommendations for such a provision as this have been made from time to time in recent years. The agricultural conference on agricultural legislation, appointed by President Coolidge in 1924, submitted to him a report which was embodied in his special message transmitted to the Sixty-eighth Congress on January 26, 1925. The report of this conference as set forth in the President's message contained the following recommendation:

> The great perishable industry of the country representing the producers of vegetables, fruits, and grapes is at the present time faced with many great problems. For the most part this industry represents an unorganized group of producers searching for opportunity to solve their problems of distribution through contact with their terminal markets. For such purpose, in addition to those mentioned above, the following is recommended:
>
> Cooperative marketing organizations under application to Federal authority may have the right to create clearing houses for the purpose of eliminating the oversupply or undersupply in various consuming markets without interference with the restraint of trade laws. Such clearing houses have the right to freely interchange information upon the volume of the available supplies of their commodity.

A similar provision appears in a bill prepared for the Secretary of Agriculture in the Department of Agriculture, and somewhat widely circulated last summer. I presume this was the so-called Jardine plan. That provision read:

> The board shall, upon request from producers and/or distributors, assist cooperative marketing associations and/or independent dealers in forming commodity clearing-house associations for the purpose of minimizing losses in the distribution of perishable agricultural commodities which can not be economically processed or stored in their unprocessed form for any substantial length of time. Such clearing-house associations shall be operated under rules and regulations approved by the board and shall direct the movement of the commodity to market. They shall utilize the Market News Service and other facilities of the United States Department of Agriculture as far as possible.

Section 6 in the pending Senate bill differs from the suggested section in the so-called Jardine bill in that the Senate bill applies only to cooperative associations. It is recognized that the clearing-house section will be applicable particularly to fruits, vegetables, and other perishable commodities. The term "perishable" was omitted at the suggestion of representatives of the fruit and vegetable associations who were apprehensive that if the application of the section were specifically limited by the use of the term "perishable," some confusion might arise as to what such a clearing-house or terminal-market association might be able to do with fruit and vegetable by-products that were dried or canned or otherwise processed for safe storage and handling.

In the last agricultural appropriation bill, which passed the Senate a few days ago, nearly $700,000 is carried for the purpose of the marketing news service. These agencies could be helped by the employment of that provision of the bill and these instrumentalities to assist the farmers in finding a market for their fruit and vegetables whenever there was a glut or famine, or whenever there was a seasonal or sectional difficulty in the marketing of the commodities. It was thought by the committee that this provision would be very helpful to the farmers and producers of these particular commodities.

Starts have been made in the direction of clearing houses in many parts of the country, and this section merely directs the board to assist cooperative associations in their further development. The assistance which might be given under this section is not financial, but advisory and educational in nature. Financial assistance through loans would be available to such associations under the terms and conditions set forth in section 5.

There is another provision, section 5, which was in the bill last year, to which I wish to refer briefly. I only refer to it because, while there is no substantial change in the provisions, yet it is somewhat refined to meet the conditions which I think are more clearly set forth.

Section 5, in subdivision (c) of paragraph (2), would authorize the board to make loans to a cooperative association for the purpose of furnishing the association with "funds to be used by it as capital for any agricultural credit corporation eligible for receiving discounts under section 202 of the Federal farm loan act, as amended."

The section 202 referred to authorizes intermediate credit banks to discount for or purchase from any agricultural credit corporation notes given to secure loans made in the first instance for "any agricultural purpose, or for the raising, breeding, fattening, or marketing of livestock." Under regulations prescribed by the Federal Farm Loan Board, an agricultural credit corporation is required to have unimpaired paid-in capital and surplus equal to at least $10,000.

Such an agricultural credit corporation would be a valuable adjunct to a cooperative association. It would make production and marketing credit from the intermediate credit banks available to agricultural producers for periods of time adapted to their needs, and at a minimum rate of interest.

In order to establish such an agricultural credit corporation, and get it going, a cooperative association, under the terms of this provision in section 5, would be able, if it could supply collateral that would be acceptable to the board, to borrow the $10,000 necessary to serve as capital for the agricultural credit corporation.

The insurance feature is practically the same as the insurance provisions contained in the bill which passed the Congress last year. There have been some amplifications of the provision. In

a word, it simply provides, and I think it is particularly applicable to cotton, that any commodities traded in upon an exchange in sufficient volume to establish a basic price could be insured against price decline during the period in which sales take place will not be less than the period when the deliveries were made. This provision was in the bill last year and was brought to the committee by those interested in the production of cotton. I do not claim to have any personal knowledge of insurance matters, but those with whom I have discussed the matter have thought it a very practical provision and one which would work a considerable benefit to the producers of cotton. It might be possible that it would not work, but that again is for the board to determine. The provision is in the bill, which we believe is wisely to be administered by the board, and is similar to a provision in the bill last year.

I have hastened over the provisions as well as I could in an effort to be brief and yet as clear as I could possibly make myself. I think this generally sets forth the differences between the bill as vetoed and the bill as now before the Senate for consideration.

Of course, the objection which the President urged and which was so stoutly supported by the Attorney General, the equalization fee, is still in the bill.

Mr. BROOKHART. Mr. President——

Mr. McNARY. Mr. President, will the Senator from Iowa permit me to conclude? Then I shall be glad to yield.

The equalization fee is held in reserve pending the application of another remedy, but it is still there. However, the situation, as I view it, under the pending bill is different from that under the bill of last year. If the court should determine that the equalization fee collides with the Constitution of the United States the board could function under the insurance contract, the loan, the marketing agency, and clearing-house provisions; it could exert its influence so far as breeding and seeding programs are concerned; it could collect and disseminate knowledge which the board is given power to do. So, Mr. President, while the court would be determining the constitutionality of the equalization fee the board could be functioning, in my opinion, greatly to the advantage of agriculture.

If wise men, such as the Secretary of Agriculture, say that the loan plan is sufficient to bring agriculture back to its parity with other industries, it can be found in the bill. If we require a remedy more calculated to meet the situation and more heroic in character we can fall back upon the equalization fee. Therefore I say to those who voted against a measure similar at the last session, because they doubted the constitutionality of the equalization fee that they can find comfort and hope in the fact that the board may do much for the farmers while the court is determining the constitutionality of the equalization fee.

I have never been able absolutely to satisfy myself as to the constitutionality of the equalization fee, but I have always felt that it was constitutional. I believe this bill comes nearer to satisfying the requirements of our fundamental law than the one which was vetoed in the last Congress. I think it will be clear, Mr. President, to any one who will study the measure that being based entirely upon the commerce clause of the Constitution and designed to assist the orderly marketing of agricultural products, that no court will find it competent to declare the measure unconstitutional.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Arkansas?

Mr. ROBINSON of Arkansas. I thought the Senator from Oregon had concluded.

Mr. McNARY. I shall conclude in just a moment. I am sure that Senators are all anxious for me to quit and I shall do so in just a moment.

Mr. ROBINSON of Arkansas. No, indeed. I have been very much instructed by the Senator's address, but I thought he had finished his remarks for the time being.

Mr. McNARY. I have about concluded. At another time, Mr. President, perhaps I shall again speak upon the bill; but I hope that, inasmuch as a similar measure was discussed at two former sessions of the Senate and was passed by a good majority at the last session, we may, after brief consideration, come to a final vote. I do not believe anything that I have said to-day—others may be more fortunate—will in any way influence Senators in casting their votes, but in closing I urge those who may not have read the report to do so, and I ask those who may have felt that the proposed act is unconstitutional to remember that there are two remedies provided. If one shall fail the other will be equal and whole unto itself. If the first remedy, the loan provision, will do the work, well and good. If it shall not, we can fall back on the larger remedy, and if that be found unconstitutional and the loan features will not satisfy the demand of agriculture to be placed on an equality with other industry, then in the fullness of time and the wisdom of Congress we shall seek another remedy. In the meantime, however, I ask Senators to give this measure their cordial consideration.

Mr. COPELAND. Mr. President, I send forward to the desk two amendments which I intend to propose to the pending bill, and I ask the attention of the Senator from Oregon [Mr. McNARY] for just one moment. I thank him for his very clear exposition of the bill. Of course, I am concerned, as the Senator knows, about the attitude of the fruit and vegetable growers. So I am suggesting an amendment to the bill on page 10, line 19, after the words "as authorized by this section," to insert the words *'Provided*, It is not a fruit or vegetable in its natural state or processed."

Then I offer another amendment, to insert the word "nonperishable" before the word "agricultural" wherever it appears in the bill.

I ask that the amendments may be printed and lie on the table.

The VICE PRESIDENT. The amendments will be printed and lie on the table.

FUNERAL EXPENSES OF THE LATE SENATOR FERRIS

Mr. FESS. From the Committee to Audit and Control the Contingent Expenses of the Senate I report favorably without amendment Senate Resolution 185, and ask unanimous consent for its present consideration.

The resolution (S. Res. 185) submitted by Mr. COUZENS March 30, 1928, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of the Hon. Woodbridge N. Ferris, late a Senator from the State of Michigan, upon vouchers properly approved.

GRAND ARMY OF THE REPUBLIC MEMORIAL DAY SERVICES

Mr. NORBECK. I ask unanimous consent for the present consideration of the bill (S. 3791) to aid the Grand Army of the Republic in its Memorial Day services, May 30, 1928. I make this request because I have been urged to do so by the clerk to the Committee on Pensions, who called me on the telephone and stated that the chairman of the committee, the junior Senator from Indiana [Mr. ROBINSON] would be out of the city for several days. The bill provides an appropriation of $2,000 to aid the Grand Army of the Republic in its Memorial Day exercises, the explanation for the legislation being that only a few hundred members of that organization remain in the District of Columbia and the immediate vicinity, and there are 38,000 graves to be looked after. Their funds became exhausted last year, and they are making this request.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Dakota?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the sum of $2,000 be, and the same hereby is, appropriated to aid the Grand Army of the Republic (Inc.) in its Memorial Day services, May 30, 1928, and in the decoration of the graves of the Union soldiers, sailors, and marines with flags and flowers in the national cemeteries in the District of Columbia and in the Arlington National Cemetery in Virginia.

SEC. 2. That said fund shall be paid to the quartermaster of the Grand Army of the Republic, department of the Potomac, for disbursement.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

THE WORLD COURT—ADDRESS BY HON. DAVID J. LEWIS

Mr. ROBINSON of Arkansas. Mr. President, Hon. David J. Lewis, who was formerly a Member of the House of Representatives and who later served as a member of the United States Tariff Commission, on the 28th day of January, 1928, delivered to the Pennsylvania Society of New Jersey, at Newark, N. J., an interesting address on the subject of the World Court. I ask unanimous consent to have that address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Toastmaster, ladies, and gentlemen, I feel that there is a singular appropriateness to the occasion in the subject we are now to con-

sider. It was William Penn who was first, I believe, to propose the establishment of "a great court of arbitration."

Perhaps I can not develop our great subject in any way so well as by relating my own experience. In my boyhood, working in the coal mines of Pennsylvania, I came under the influence of a Quaker, Mr. Joseph Harrison, an extraordinary man, who made me a pacifist. He made it seem strange to me that governments organized to prevent private wars should claim the privilege of waging public wars, should make themselves the only exception to the rule of peace and order. But when the *Lusitania* was sunk I at once became a militarist, and could think only of punishing the transgressor. A pacifist—a militarist; I was both of these conflicting things at one and the same time.

This conflict of ideas and feelings challenged me. Which was wrong? Was either right—the pacifist or the militarist within me? About this time we had a recess of Congress, and I took the perplexing problem up for examination de novo and without prejudice, as I shall ask you to do to-night.

THE RESPONSIBLE CAUSE OF WAR

Mr. President, eventually I made this discovery. The Quaker was right in principle; but his philosophy demanded an institution—the familiar institution of government. I could be a pacifist in Cumberland, it had this institution—a government which clearly defined my rights and my neighbor's duties—and, if disputes arose between us as to the facts or the law, we had courts to adjust them without bloody encounters. I could be a pacifist in Maryland; it, too, had these courts. I could also be a pacifist in the great interstate community we call the United States: for it, too, had its laws defining rights and duties and courts to settle disputes.

But there was one community in which I could not be a pacifist; it was the community of nations, where nations meet and have their human controversies, for, though it had had the laws from the time of Grotius and Vattel, it had no courts to decide disputes. The community of nations was living under the rule of anarchism, not law; in that community we were not citizens, but anarchists, because before the war it had no court to decide the disputes which lead to war. You ask what is the cause of war. Well, the causes of controversies between nations which when not settled by diplomacy may lead to war, are legion, and their occurrence inevitable. But the final cause of war, the responsible cause is the failure to have a court with jurisdiction to decide such controversies.

PEACE AND ORDER INSTITUTIONAL PRODUCTS

My friends, peace and order in this world are not natural gifts at all, but institutional products; only those communities enjoy peace and order that have instituted courts to decide disputes. Even when men purpose the same things in life they think so differently, their methods of accomplishment are so various that not even in a community of saints could peace and order be long maintained without this institution. But why the rule of anarchism in the international community alone when government was elsewhere universal? Why this gap in government? The answer is that governments have been built by the sword and because no conqueror's sword was long enough or strong enough to build a world government. This gap was left for the reign of anarchism where governments cease at their own respective boundaries or at the ocean's edge.

A COURT OF NATIONS

Do the nations need a court? Do they, like individuals, have controversies which may lead to bloodshed in the absence of a court to determine them? Let the facts speak. The United States is a peace-loving nation, but it has had four foreign wars, a war to each generation, to decide its controversies. The direct, audited losses in the late war were $200,000,000,000, exceeding the total wealth even of the United States before the World War.

Our railways, 250,000 miles in extent, cost twenty billions. They could therefore have been destroyed and rebuilt ten times with the direct costs of the war. And the continuing burden—well, more than 75 per cent of our national taxation represents past wars or preparations for threatened or possible wars. The mobilized soldiers, the killed, the wounded, the total casualties were—but I can not state their value. One drafted soldier alone, the British scientist Mosley, who at the age of 27 had discovered and developed a physical table of the elements which supplanted the famous chemical table of Mendeleef and was said to be the only living man who might have calculated the orbits of the electrons within the atom, was slain by a Turkish bullet before he could be recalled to the laboratory. So I give figures, not values, here:

Total mobilized	65,038,810
Killed	8,543,515
Wounded	21,219,452
Prisoners and missing	7,750,919
Total casualties	37,499,386

Oh, the agony; oh, the responsibility of statesmen. If the Gladstones and the Clevelands, if the Bismarcks and the Crispis, the Blaines and Carnots had done their duty in their generation this unspeakable woe should not have been. It was Huxley who once declared that if these needless miseries were not to be stopped he was not sure that he "would not regard it as a great blessing if some kindly comet should strike the planet and sweep the human race with all its anguish from the face of the earth."

THERE IS A COURT

But the Great War brought many changes. The proudest monarchs of Europe are no more: Muscovite, Hapsburg, and Hohenzollern empires have gone and seven or eight republics have come, and a court of nations with them. It is the Permanent Court of International Justice—and permanent, and international, and just may it ever be, even as our own Supreme Court. The international community is no longer callously abandoned to the rule of force and anarchy.

The community of nations, like all other communities, now has a court, a court set up by men destined to be reverenced in history with the authors of our own Constitution, and chief among them is a former Secretary of State, the Hon. Elihu Root, perhaps the most gifted since Daniel Webster. This court is firmly established; it is functioning satisfactorily; and 48 of the world's sovereign powers have given it their allegiance. After the holocaust, wisdom did come to the earth's rulers; and as Germany pledged its allegiance in its dawn as a Republic "the morning stars sang together and the sons of God shouted for joy."

THE WORLD COURT AND THE AMERICAN SENATE

Ladies and gentlemen, the World Court came into being on September 14, 1921, and at once met with the approval of the peoples and responsible statesmen of the world. President Harding gave it his approval, and the Hon. Charles E. Hughes, our Secretary of State, drafted the provisions for our adherence. They provided—

(a) That the adherence should not imply any legal relation to the league.

(b) That the United States should participate in the election of judges.

(c) That the United States should pay its share of the expense of the court's maintenance.

(d) That the statute of the court should not be amended without the consent of the United States.

The Hughes provisions were statesmanlike and carried no implication of design to cripple the functioning of the court itself.

In both Democratic and Republican conventions this court was approved. A third convention said nothing of the court. It proposed instead "public referendums on peace and war." Its leaders seemed to think that an umpire was not necessary in a baseball game between Cumberland and Hagerstown, forsooth, but that if disputes arose between the teams referendums to the bleachers would suffice. The Senate got the Hughes draft in February, 1923. It delayed action until January, 1926, nearly three years, so that a vote of cloture had to be taken, the first for 50 years. Meanwhile the House of Representatives had approved our entry by a vote of 303 to 28.

Now, what was done to the Hughes treaty in the Senate? You know that on a treaty a vote of two-thirds is required. This is almost tantamount to saying that treaty legislation can be had only by unanimous consent. But the bitter-enders were there with their old Wilson vendetta. The nonpolitical public little understands the range or intensity of "personal politics" in the Senate. Wilson was dead; that is, what was not immortal in Wilson was dead, but his Senate enemies were not all dead. And—

> "Double, double toil and trouble;
> Fire burn and cauldron bubble."

The bitter-enders had imbibed deeply of the witches' broth. They professed to be in favor of a world court but not of this court. Could they be placated by reservations? Probably. To placate them the following reservations were added:

(1) That the United States might withdraw from the court at any time.

This sounds ominous. Please remember this reservation. I shall refer to it again.

(2) That the court shall not render any advisory opinion without the consent of the United States in any case in which the United States has an interest or claims an interest.

Several American States, notably Massachusetts, provide in their constitutions that the legislature, in case of doubt, may call on its supreme court for an advisory opinion as to the validity of proposed legislation. Now, out of 21 cases tried by the World Court, 14 cases were advisory. Some 56 nations of the world through the league have recourse to the court in this way. And its advisory jurisdiction is of momentous importance. Only recently it has, perhaps, prevented armed measures between Great Britain and Turkey. As left by the Senate, the court was not permitted to determine when the United States had an interest, nor were any means provided for informing the court when we claimed an interest. Thus, the court's whole advisory jurisdiction, about two-thirds, might be held up or paralyzed. The United States is not now bound by the court's advisory decisions, and it would have sufficed in all reason to have provided that the United States should continue as now unbound on entering the court by any advisory opinion unless it was a party to the case. But this course, forsooth, would have left the court's jurisdiction unimpaired. Moreover, it would have failed to give certain members of the Committee on Foreign Affairs of

the Senate a meddling vetoing power over the constitutional operations of the League of Nations.

Now, suppose the foregoing reservation was accepted and we had become a member of the court, could an American mother press her boy to her breast and say: "You shall not be gassed on the battle field as was your father." Note well the next Senate reservation.

(4) Recourse to the court for the settlement of difference between the United States and any other State can be had only by agreement thereto through general or special treaties concluded between the parties in dispute.

That is, although we have entered the court, and taken our place there, as a member with the other sovereign powers, yet this court can not be called on by the President or by the other party, though also a member, to hear and determine the merits of the controversy, though it threatened war. The Senate must first, by a two-thirds vote, pass another treaty with the other country before the President can submit the case to the court.

Consider, gentlemen, thanks to Secretary Root and Secretary Bryan, that we have now 36 treaties of arbitration with different countries negotiated when no such tribunal existed. This was the great defect which Secretary Root and Secretary Hughes sought to remedy by our adherence to the World Court. These 36 countries are members of the court which is to be a city of refuge from war. Now, a court is, of course, something sui generis. Need I say that it is a judicial tribunal having authority to hear and decide disputes between parties accepting its jurisdiction. Our own Supreme Court has just such jurisdiction between the 48 sovereign States and no State can prevent its functioning by a refusal to present its case. If it could, with such recalcitrancy the Union itself would shortly perish. Yet this is exactly what this reservation means. We have pledged our faith to have our controversies with other members disposed of by judicial decision, and we have entered the World Court and they have entered it for that purpose, yet it can not proceed with the hearing, because the President is prohibited by this reservation from presenting our case.

It is well known that the President by his initiative can involve us in war, but he is denied by this reservation a like initiative to keep us out of war, as McKinley might have done in the case of Spain. When faced with war, the President can not say: "Peace be with us; we have agreed that law not war, judges not generals, justice not poison gas, shall decide our controversies. We are both members of the Permanent Court of International Justice for that purpose. Let the court judge between us." He would have first to submit a new treaty to the Senate Committee on Foreign Affairs, something he could have done had we not already entered the court. Perhaps eventually, if and when the committee pleased, this treaty might come out of the committee into the open Senate, and if and when the Senate by a two-thirds vote permitted, the case in dispute might go to the World Court. Incredible, you say!

But how, in what state, with what reservations would such Senate treaty submittal go to the court? In the light of the foregoing reservations who can say that conditions and question-begging reservations would not be attached making its acceptance by the court impossible? And so one-third of the Senate, sustained by a yellow press, might boggle us out of the court and into a war by preventing the World Court from hearing the dispute. Summarizing these reservations: We enter the World Court but refuse to give it jurisdiction to decide any of our controversies; at the same time we are demanding the privilege of vetoing the court's jurisdiction to decide controversies between other nations through its advisory opinions. Think of a controversy between France and Germany. The World Court is being asked to decide it by an advisory opinion. Think of the Senate Committee on Foreign Affairs cogitating as to whether the United States Senate shall let the court go on. Can you think of a parallel in judicial history?

SUBSEQUENT HISTORY

Gentlemen, the subsequent history of the subject is a sequel to the futility of the Senate's action. The other court members did the United States the honor of meeting in international conference to consider the reservation. They invited—yes, requested—our Government to send representatives to aid them. This it curtly declined to do. Forced to a one-sided consideration, the conference at length reluctantly concluded that all the reservations should be accepted; but advised our Government that if they "did not work out well," the 48 other members reserved the right to withdraw their acceptances by a two-thirds vote. And here we have the final hitch; mark you, the Senate had reserved the privilege to withdraw from the court at any time with or without reason. The other 48 countries say: "Very well. We accept all of your reservations. But if as many as two-thirds of us find your reservations 'do not work out well,' we also reserve the privilege of withdrawing our acceptance of them." The reply of our Chief Executive was: "Oh, no; the Senate would not hear to that." Now, I ask you, can one characterize an attitude so unreasonable? And there, sir, the Hughes treaty rests, a foundling in some archive of the Government, the Chief Executive declining to take or advise action or to express an opinion on the merits of the situation.

"Can it be that the people of the United States do not care whether or not anything is done to make it possible to outlaw war?" asked Senator Root with reference to our entry into the court. Well, the Senator is very advanced in years. It may be the lot of this illustrious man to lead his people within sight only of the promised land. But his work is imperishable.

ENTRY BY ACT OF CONGRESS

Yes, gentlemen, the work is imperishable. It has passed the Red Sea, it has come out of the wilderness; 48 countries have acclaimed it—all except Russia, Mexico, Turkey, and the United States; it stands, in principle, approved by the House of Representatives, and, though, as was the case in getting our Constitution adopted, recalcitrancy aided by remissness in high places may delay adherence by a few countries, they can not prevent its holy triumph. There is another gateway through which the measure may pass, a gateway not barred by cabals of irresponsible recalcitrants taking advantage of the two-third rule in treaty ratification in the Senate. Entry, genuine entry, under reasonable conditions can be effected by a resolution of Congress—without a treaty—when the two-thirds rule in the Senate will not apply. Congressional action is as competent to determine our international relations as a Senate treaty, and this method has been frequently employed during the century and a half of our national life. Recently Senator BURTON, after a full investigation, reported to the House of Representatives:

"It seems clear that by resolution originating in the House adherence to the world court could be secured by legislation."

There are many examples of such action by Congress where action by the treaty method had failed in the Senate under the two-third rule. Texas, an independent republic, was seeking to enter the Union. The treaty failed to secure a two-third vote in the Senate. A resolution was then introduced, secured a majority in both Houses, was signed by the President, and Texas was admitted to the Union to remain forevermore. More recently a peace treaty with Germany failed to secure a two-third vote in the Senate.

In this case too, a resolution passed by a majority vote in each House and signed by the President was necessary to fix our peace relations with the second largest republic in the world. May God forstay the day when our destiny shall depend on two-third rule legislation. There probably would be no Senate, no United States at all, had a two-third vote been required in each State to ratify the Constitution. Do you know that of the 13 original States, in only 7 was a two-third vote secured for the Constitution? While adoption required nine States, Massachusetts, New York, yea even Virginia, adopted it only by close votes. I say again may God forstay the day of two-thirds vote absolutism. It is almost as impracticable as government by unanimous consent.

A VOICE. "What would our relations be if we entered the World Court and did not enter the league, what would they be compared with nations that entered the league."

Mr. LEWIS. Well, sir, let me give you an illustration. Suppose Virginia had declined to enter the Union. And I may say that the wisdom of Washington barely prevailed by a vote of 89 to 79 over the fiery pessimism of Patrick Henry, and would not have prevailed had there been party interests to oppose it; well suppose Virginia had proposed instead of entering the Union to submit any controversy it might have with the other States, to the Supreme Court for decision, in order to avoid war; or suppose Virginia had refused to accept even the Supreme Court; roughly, this will give you a picture of the United States in the World Court, and not in the league or as not in either World Court or league. The picture unnerves me—I tremble to think of the fate of the North American Continent. The parallel is rough and fails at important points, of course.

SOVEREIGN RIGHTS AND DUTIES

But rights, rights, certain rights may be jeopardized if we enter the court, we are told—not by Taft, not by Root, not by Hughes, not by Wilson. By whom? Well, if humanity be divided into those who do things and those who have to be pushed out of the way while things are being done, these objectors fall into the second class. When pressed for a specification they talk hazily of sovereign rights. But what are sovereign rights? Just where and when is the United States sovereign? Well, it is sovereign over territory, over land and water, as to which it has the exclusive right to make laws and to apply them through its own courts. It is sovereign in the great interstate community of our 48 States, sovereign in Hawaii, the Philippines, Porto Rico, and Alaska, and sovereign over 3 miles of the oceans which wash their shores. But on the high seas it is not sovereign, because the jurisdiction of its courts does not apply to other peoples there. There we do have rights, but not exclusive rights, and such rights can not be sovereign; they are international rights we share but equally with all other countries which only an international court can protect. And it is to secure, and to effectuate, these rights that the Permanent Court of International Justice is organized. But I have lost patience with the man who talks only of rights. I want to hear from the man who thinks also of duties. There are no real rights without corre-

sponding duties with institutions providing for their discharge. It was duties that built Cumberland and Newark. It is duties that make it safe to ride on the Baltimore & Ohio Railroad, duties that fed and schooled us as children and secured for us the blessings of civilization. Rights, rights were not lacking when the *Lusitania* went down; rights, rights that have never been doubted. Five hundred women and children, vainly struggling in the waves, their white faces looking upward to heaven, are asking the Sovereign of the universe to grant them a protection and a justice denied them by sovereigns on earth. Sovereign rights: Why mock their spirits with such fallacy and cant?

FAITH AND LAW

A warless world. A court to take the place of poison gas in adjusting disputes between nations! It is only a dream, says the pessimist, only a dream. Well, my friend, the trouble with the pessimist is that he dreams just as much as any other dreamer, but he always dreams nightmares. Thoughtful men know that in human affairs a reasonable faith is necessary, and should not be denied to agencies like courts to secure world as well as domestic peace and order. I think it was Turgot, the encyclopedist, who said that he never admired Columbus so much for discovering America as for going out to look for it on the faith of an opinion. I speak only of the faith we grant to our banking, railway, and other industrial organizations, and to our courts. Suppose the framers of our Constitution had lacked this faith; suppose James Wilson, suppose Franklin, suppose the Keystone State had lacked this faith to enter the Union under the Constitution, what would be our lot to-day? Gentlemen, it is not the fool who grants this faith; it is the fool who refuses to grant it.

Let us be frank with ourselves! We must stand for law or stand for anarchism in the international community; and if for anarchism there, what shall be said to the discontented or disorderly elements at home? Personally I consider the institution of government the greatest of human blessings. Without it the strong and cunning would trample their fellows beneath their feet, especially the unorganized workers. If we want law and order in the community of nations, we must be willing to vest the necessary authority for that purpose in the appropriate institutions. Nor should we heed the false suggestion that in thus extending our faith we are stretching and, perhaps, impairing our patriotism. This would be a most serious consideration if true. The love of a man for his country is more than a duty; it ennobles his whole nature. It is related that Daniel Webster, in the last days of his illness at Marshfield, directed that the flag be unfurled to the breezes outside his window, and that at night a lantern be hung near to illuminate it, so that his prayer as uttered in the Senate might be fulfilled.

"When my eyes shall be turned for the last time to behold the sun in heaven, may I not see him shining on the broken fragments of a once glorious union, on States discordant, belligerent, or drenched it may be in fraternal blood. Let their last feeble and lingering glance rather behold the ensign of the Republic, still full high advanced, its trophies streaming in their original luster, not a stripe erased, not a single star obscured."

And what, pray you, inspired this sublime feeling? Think you Massachusetts would have done it alone? Was it not the Washingtonian federation of sovereign States organized to "insure domestic tranquility"? And do not the 48 countries now gathered around the World Court to insure the peace of the world constitute such a union? Would Webster have been more a patriot if Massachusetts had refused to enter the Union? Am I less a loving husband and brother because I love the State of Maryland? Does my loyalty to Maryland suffer because I love the flag which Webster loved? No, no—it is sophistry, a monstrous sophistry they offer. They little understand, indeed, the divine properties of love; how it increases, deepens, and strengthens as it widens in application; and Mr. Toastmaster, if ever my humble being expands to those dimensions, "not wholly unworthy their Almighty Architect," it is when I behold these 48 sovereign countries of the world, including now the Republic of Germany, advancing majestically to pledge their high allegiance to this court of world peace as its ensign rises from the waves which engulfed the *Lusitania*. Noble men and women will not deny their reverence and loyalty to that ensign. It represents the promise of our Father in fulfillment. The sword now has been beaten into the ploughshare. For "He doth keep His covenants." The hills and the valleys may pass away. The Alleghany Mountains may sink to the molten center of the earth. The "Alps and Andes may come and go like rainbows." But "His word endureth forever."

NOTE:

J. T. Barnett: International Agreements Without the Advice and Consent of the Senate, Yale Law Journal, November and December, 1905.

J. B. Moore: Treaties and Executive Agreements, Political Science Quarterly (September, 1905), Volume XX, page 385.

S. B. Crandall: Treaties, Their Making and Enforcement (second edition, 1916), Chapters VIII and IX, pages 102–140.

Congressman BURTON: World Court Report., No. 1569—Sixty-eighth Congress, second session, February 24, 1925.

EXECUTIVE SESSION

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

RECESS

Mr. CURTIS. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 4 o'clock and 27 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, April 3, 1928, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 2, 1928

FOREIGN SERVICE OFFICER

Thomas S. Horn, of Missouri, now a Foreign Service officer of class 8 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

PROMOTION IN THE REGULAR ARMY

To be major

Capt. George Sheppard Clarke, Infantry, from February 24, 1928.

[NOTE.—Maj. George Sheppard Clarke was nominated March 2, 1928, and confirmed March 20, 1928, under the name of George Stanley Clarke. This message is submitted for the purpose of correcting an error in the name of nominee.]

UNITED STATES DISTRICT JUDGE

Frank H. Norcross, of Nevada, to be United States district judge, district of Nevada, vice Edward S. Farrington, retired.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 2, 1928

POSTMASTERS

ALABAMA

Margie Gardner, Aliceville.
Virgil B. Huff, Brundidge.
Scottie R. Wester, Center.
David P. Woodall, Hillsboro.
John E. Buzbee, Jasper.
Jethro D. Dennis, Marion.
Phil B. Payne, New Market.
Annie R. Sherrer, Phenix City.
Glenn E. Guthrie, Townley.

FLORIDA

Hettie B. Spencer, Dade City.
Robert F. Persons, Fort White.
Sallie Brook, Graceville.

INDIANA

George W. Owen, Poseyville.

MONTANA

Margaret B. Whetstone, Cut Bank.
George H. White, Oilmont.

NEBRASKA

Myron A. Gordon, Stratton.

NEW HAMPSHIRE

Lauriston M. Goddard, Ashland.

NEW YORK

Leon Pralatowski, Cold Spring.
Earl G. Fisher, Massena.
Le Roy Smith, White Plains.
Albert C. Bogert, Yonkers.

TENNESSEE

Lon McCaleb, Dyersburg.

TEXAS

Annie K. Turney, Alpine.
James W. Render, Bardwell.
Francis O. Drake, Donna.
Robert F. Myers, Ferris.
Amos E. Duffy, Matagorda.
Ruth Young, Mount Calm.
James A. Gray, Pecan Gap.
Tolbert Hannon, Richmond.
Luther Bowers, Seagoville.
Lawson B. Fulgham, Voth.

VIRGINIA

William R. Sparks, Clinchco.
Hattie C. Barrow, Dinwiddie.